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# ***Daily Report***

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## **China**

**FBIS-CHI-94-152  
Monday  
8 August 1994**

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# Daily Report

## China

FBIS-CHI-94-152

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## General

### Wan Li Criticizes U.S., UK Policy at CPC Forum

HK0508143294 Hong Kong CHING PAO in Chinese  
No 205, 5 Aug 94 p 53

[By Chen Sao-pin (7115 0783 6333): "Deng Says Do Not be Afraid of Foreign Countries Criticizing Our Shortcomings"]

[Text] A source from Beijing said: In early July, entrusted by the Political Bureau of the CPC Central Committee and the Central Military Commission, Wan Li, former chairman of the Standing Committee of the National People's Congress, veteran General Li Desheng, among others, went to the central organ of the CPC and the Military Commission to hold a forum to explain the CPC's foreign policy.

### State Sovereignty Always Stands Above Everything Else

In view of the situation in which some cadres in the CPC and the military questioned the Chinese Government's wisdom in not taking corresponding measures with regard to repeated U.S. violations of the three Sino-U.S. communiques, such as its export of advanced sea and air weapons and its interference in China's internal affairs, and Britain's open breach of the Sino-British Joint Declaration and its negation of agreements between governments of the two countries, Wan Li made explanations at a forum which was held at the Central Party School on 8 July.

He said: On issues of principle concerning sovereignty and internal affairs, our stand has always been consistent. We will not compromise with the United States and Britain. State sovereignty always stands above everything else, and a stable political environment is of primary importance. By unilaterally breaching the three joint communiques, the United States exposed its pursuit of hegemonism and power politics and created a breach of faith in the international community. The United States acted that way simply because it has money and powerful military strength and is developed. However, we will not barter away principles in the face of might.

Not long ago, the United States declared that it was delinking trade from human rights and would continue to extend China's most-favored-nation treatment. In fact, the United States has many problems in the area of human rights. Not only is racial discrimination serious in the United States, but, more often than not, the United States drops bombs on other countries while flaunting the banner of the United Nations, causing tens of thousands of deaths and injuries. It doesn't have even the slightest conscience. Therefore, in the United Nations, China has all along opposed meddling in other countries's internal affairs through military means and has favored settling disputes through negotiations.

Forum participant senior General Xiao Ke also said: China is not buying the hegemonism practiced by the United States. Five years ago we were relatively passive, but the situation has changed today. Five years down the road, U.S. hegemonistic predominance over China will be out of the question.

### Britain Is Bent on Playing Tricks

Wan Li went on to say: Before leaving Hong Kong, Britain will inevitably play some tricks, big or small. We have been preparing for them for a long time. It is impossible for Britain not to do so. The year 1997 is less than three years away, but Britain still has time to play some tricks. Time is running out for Britain. Nevertheless, on issues of principle, our position is firm. We cannot take over the seeds of trouble sown by Britain. By violating the Sino-British Joint Declaration and openly negating the agreements and understandings reached by the governments of the two countries, Britain exposed its colonialist mentality of going downhill and losing its own interests.

Britain changed its policy toward China in part because it was following the U.S. strategy of promoting peaceful evolution in China and in part because it hoped that great disorder would occur in China's political situation, so Britain would be able to continue its colonialist rule in Hong Kong. The strategy of the first case has been repeatedly rebuffed. The second case represents nothing more than the arrogant nonsense of the British authorities and a tiny number of pro-British and anti-Chinese elements. The British authorities are clear that, during the transition period, if great political disorder or major economic shocks should occur, the Chinese Government will immediately take action and will not turn a blind eye to the situation, because Hong Kong is China's territory.

### Do Not be Afraid of Foreign Countries Criticizing China's Shortcomings

According to Wan Li, Deng Xiaoping often told the leading cadres in the CPC and the military: Be far-sighted, think problems through more thoroughly, do real work more quickly and with better results, and make fewer errors, and our cause will meet more success. Deng Xiaoping also said: We should not be afraid of foreign countries exposing our past mistakes; nor should we be afraid of foreign countries describing the errors in our current work and policies as utterly irremediable. We admit that there have been errors and mistakes in the course of development and reform, but we will not tolerate any foreign intervention.

### XINHUA Reports NATO Planes En Route to 'Sarajevo Area'

OW0508162094 Beijing XINHUA in English 1609  
GMT 5 Aug 94

["(Urgent) NATO Planes Summoned for Bosnian Air Strike—XINHUA headline]



[Text] Washington, August 5 (XINHUA)—The United Nations has summoned NATO warplanes to enforce a weapons exclusion zone around Sarajevo, the Bosnian capital, local reports quoted a U.S. official as saying.

The move came after Bosnian Serbs shot at a U.N. helicopter and the jets were prepared to carry out air strikes if necessary, the ASSOCIATED PRESS quoted an anonymous U.S. official as saying.

Meanwhile, the CABLE NEWS NETWORK (CNN) said it had confirmation that NATO aircraft, in this case U.S. fighter planes, were on their way to the Sarajevo area.

Details of whether the planes had actually dropped any bombs were not available.

The mountainous terrain and weather might make it difficult to find the Bosnian Serb positions violating the U.N.-sanctions heavy weapons exclusion zone.

#### **Planes Bomb Area Around Sarajevo**

OW0508170194 Beijing XINHUA in English 1639  
GMT 5 Aug 94

["(Urgent) NATO Warplanes Drop Bombs Around Sarajevo"—XINHUA headline]

[Text] Belgrade, August 5 (XINHUA)—NATO warplanes dropped bombs around Sarajevo, capital of Bosnia, early this evening, according to reports reaching here.

The bombing targets are not yet clear at this moment.

#### **Further Report on Bombing**

OW0508171594 Beijing XINHUA in English 1706  
GMT 5 Aug 94

[Text] Belgrade, August 5 (XINHUA)—NATO warplanes bombed Serb targets around Sarajevo, capital of Bosnia, early this evening, according to reports reaching here.

Earlier, the United Nations summoned NATO warplanes to enforce the order banning heavy weapons from around sarajevo.

American CABLE NEWS NETWORK (CNN) quoted Pentagon sources as saying, the U.S. planes were involved but the strike was carried out by French and Dutch jets.

#### **Reasons for Strike Against Serbs**

OW0508190294 Beijing XINHUA in English 1849  
GMT 5 Aug 94

[Text] Belgrade, August 5 (XINHUA)—Eight NATO warplanes attacked Bosnian Serb positions around Sarajevo, capital of Bosnia, early Friday [5 August] evening.

The operation was successfully completed without any casualties and the planes have returned to their bases

safely, the CABLE NEWS NETWORK (CNN) quoted Paul Risley, U.N. Protection Forces in Bosnia (Unprofor) spokesman, as saying.

The planes, comprising A-10s, two F-16s and two mirages, took off from Italian bases, but the bombing mission was carried out by French and Dutch planes.

The NATO planes were summoned by the United Nations to enforce the order banning heavy weapons from around Sarajevo.

The move was reported to have been taken in retaliation for the seizure of a tank and other heavy weapons from a U.N. depot near Sarajevo by Bosnian Serbs earlier. The Serbs were said to have shot at a U.N. helicopter sent to track the tank.

Those heavy weapons had been handed over to U.N. control under the terms of a NATO ultimatum in February which barred heavy weapons from deployment near Sarajevo—a move which ended the siege bombardment of the city.

This was the first NATO air strike in Bosnia since April, when allied planes struck Serb targets firing into the U.N.-designated "safe area" of Gorazde in eastern Bosnia.

On Wednesday, the Bosnian Serbs rejected an international peace plan proposed by the Contact Group, which comprised the U.S., Russia, Germany, Britain and France. The plan would give Bosnian Serbs 49 percent of Bosnia territories and 51 percent to Moslem-Croat alliance.

#### **UN Spokesman Confirms Serb Offer To Return Weapons**

OW0508195194 Beijing XINHUA in English 1940  
GMT 5 Aug 94

[Text] Washington, August 5 (XINHUA)—A U.N. protection force spokesman confirmed today that the Bosnian Serbs had offered to return the weapons they seized earlier from U.N.-controlled sites in Sarajevo.

The move came after NATO airplanes struck Bosnian Serb targets around Sarajevo following the weapons seizure earlier today from the U.N.-sanctioned heavy weapons exclusion zone.

Michael Williams, spokesman for the U.N. protection force in the former Yugoslavia based in Zagreb, Croatia, told the CABLE NEWS NETWORK (CNN) that the Serbs had offered to return four pieces of heavy weaponry.

They include one T-55 tank, two armored personnel carriers and one motorized anti-aircraft gun, Williams said.

Paul Risley, another Unprofor spokesman, told the CNN earlier that Dutch, French and U.S. warplanes conducting the air strikes, which were requested by the U.N., had finished their mission and return to bases safely.

Risley welcomed the Bosnian Serb offer of handing back the heavy weapons.

### **Christopher Notes Air Strikes Against Bosnian Serbs**

*OW0608004894 Beijing XINHUA in English 0004  
GMT 6 Aug 94*

[Text] Washington, August 5 (XINHUA)—U.S. Secretary of State Warren Christopher described NATO air strikes on Bosnian Serbs as "a good step forward" in pressing them to accept an international peace plan.

The remarks followed NATO warplanes' raid on Bosnian Serb position near Sarajevo earlier today after the Serbs forcibly removed heavy weapons from U.N.-controlled sites and shot at a U.N. helicopter.

Speaking to reporters at the Andrews Air Force Base before leaving for the Middle East, Christopher said the air strikes was "a way to keep additional pressure" on the Serbs to accept the peace plan put forward by the so-called contact group.

The Bosnian Serbs rejected the plan by the U.S., Russia, Britain, France and Germany, prompting the contact group to call for strengthened actions.

At the Pentagon, U.S. Lieutenant General John Sheehan of the joint staff said NATO dispatched four U.S. A-10's, four British Jaguars, four Dutch F-16s and four French Mirage F-1s on the mission over Sarajevo, the Bosnian capital.

Two U.S. F-16s attacked a Serb 76-millimeter anti-tank gun, Sheehan said, adding that more detailed reports of the effectiveness of the mission on all the four targets chosen were not available.

After the Bosnian Serb commander's offer to hand back the seized weapons, NATO called off the air strike and the warplanes returned to bases safely.

The pieces to be returned include one T-55 tank, two armored personnel carriers and one self-propelled gun, Sheehan said.

Tensions around Sarajevo have been running high since the Bosnian Serbs rejected the contact group peace plan, which has already been accepted by the Bosnian Muslims and Croats without conditions.

Washington again urged today the Bosnian Serbs to endorse the peace plan, which would give the Serbs 49 percent of the land while the rest goes to the Bosnian Muslims and Croats.

At the White House, spokeswoman Dee Dee Myers said continued Bosnian Serb rejection would inevitably increase the pressure on U.S. to unilaterally lift the arms embargo against Bosnia.

The U.S., although all along opposing the U.N.-sanctioned ban, has abided by it because of allied objections to lifting the embargo.

"We expect the Bosnian Serbs to live up to their obligations," Myers said.

### **'Weekly Commentary' Views U.S.-Japan Trade Talks**

*HK0808053994 Beijing RENMIN RIBAO in Chinese  
5 Aug 94 p 6*

[By Liu Ban (0491 3803): "Weekly Commentary on Current Affairs"]

### **[Text] U.S.-Japanese Trade Talks Deadlocked**

The United States and Japan held talks on the issue of Japan's purchases of telecommunications and medical equipment from the United States from 29 to 30 July, but did not reach any agreement. After the talks broke down, the U.S. negotiator Mickey Kantor announced that if Japan did not make concession within 60 days and did not agree to increase imports of telecommunications and medical equipment from the United States, the United States would impose trade sanctions against Japan. However, Igarashi, chief secretary of the Japanese cabinet, held that the U.S. decision was incompatible with the idea of settling differences through negotiations and that Japan did not intend to take part in talks under pressure of unilateral U.S. sanctions.

Trade conflicts between the United States and Japan date back for a long time and they began to intensify in the 1980's when conflicts over trade in semiconductors and agricultural produce became even more serious. The root cause of U.S.-Japanese trade conflict is the serious trade imbalance between the two countries and the huge long-standing U.S. deficit in trade with Japan. With a backdrop of decreasing U.S. economic strength and relatively increasing Japanese economic strength, trade conflicts between the United States and Japan will continue. However, the United States is wielding a big stick and frequently threatens to impose "sanctions" in a bid to "bring about concessions with pressure." It is doubtful whether or not this is effective.

### **Situation in Haiti Becomes Tense Again**

On 31 July, the United Nations General Assembly adopted a draft resolution put forward by the United States authorizing its member states to form multinational armed force intended to settle the Haiti crisis with force. The "interim president" of Haiti made a statement on 1 August and held that the resolution was equivalent to "a declaration of war against Haiti." He proclaimed martial law in the country. The Haiti crisis, which has continued for nearly three years, is tending to become tense again.

The purpose of the U.S. seeking a UN resolution is to provide itself with a "legal basis" for using force against

Haiti by flaunting the banner of the "United Nations." However, since U.S. plans to dispatch troops to Haiti are opposed by a majority of Latin American countries, most Americans and congressmen have also expressed doubts about the use of force. Therefore, the United States seems to have no intention of using force against Haiti right away, but simply to exert new pressure on the Haiti military government.

The military coup in Haiti more than two years ago has brought chaos in Haiti and instability to the Caribbean. However, it does not conform with the principles of the UN Charter and it will be difficult to attain the expected goal by attempting to settle the crisis in Haiti by military means. **What Direction is Bosnia-Herzegovina Situation Developing?**

Since a peace plan to settle the Bosnia-Herzegovina issue was put forward by the foreign ministers of the United States, Russia, Britain, France, and Germany, attitudes toward this plan and the development of the Bosnia-Herzegovina situation have again attracted the attention of the world.

The Bosnia-Herzegovina Moslem Croat federal parliament was the first to accept the plan. The Bosnia-Herzegovina Serbian parliament at first expressed its willingness to take the five-nation plan as the basis to continue the talks, but put forward opinions on revising the plan when it was reexamined. The office of the president of the Bosnia-Herzegovina "Serbian republic" issued a statement on 1 August demanding an emergency meeting with the international contact group to discuss some aspects of the territorial divisions put forward. On this, the international contact group expressed explicitly that the decision taken would not be discussed again. At the same time, Russian Foreign Minister Kozyrev made a special trip from Geneva to Belgrade to lobby. He held that the five-nation plan was a "peace ultimatum" and that if the Serbians said "yes," sanctions would be relaxed or lifted at once, and if they said "no" there would be a danger of the war escalating.

In what direction will the situation in Bosnia-Herzegovina develop? Will the talks be continued to seek a solution acceptable to all the parties involved in the conflict or will punitive measures be adopted against the Serbs leading to the escalation and expansion of the civil war in Bosnia-Herzegovina? People are waiting to see.

#### **UN Security Council Upholds Sanctions Against Libya**

OW0508213394 Beijing XINHUA in English 2124  
GMT 5 Aug 94

[Text] United Nations, August 5 (XINHUA)—The U.N. Security Council made no change Friday [5 August] in sanctions imposed on Libya for failing to surrender for trial two suspects in the 1988 bombing of a Pan Am jetliner over Lockerbie, Scotland, which killed 270 people.

The sanctions, which went into effect in April 1992, include an air embargo, a ban on the sale or transfer of arms to Libya and the downgrading of diplomatic links with that country.

The sanctions are reviewed every 120 days in the Security Council.

Additional sanctions entered into force in December 1993 because of Libya's continued failure to comply with the Council's demands, which also require cooperation with a French magistrate investigating the mid-flight bombing of France's UTA Flight 772 over Niger in 1989 in which 171 people died.

The additional curbs include a freeze on some Libyan assets abroad and a ban on its import of certain types of equipment used at oil transport terminals and in refineries. They do not, however, cover the export of Libyan oil or its purchase of oil-drilling equipment.

Britain and the United States have indicted two Libyans in connection with the Lockerbie bombing.

After the Council consultations, Council President Yuliy Vorontsov of Russia read a standard statement to reporters saying he had concluded "there was no agreement that the necessary condition existed for modification" of the sanctions.

He said several Council members made proposals, which failed to win unanimous endorsement, for modifying the usual statement by taking into account changes in Libya's position.

Libya has proposed holding a trial at the seat of the World Court, at The Hague, but under Scottish law.

#### **Senate Relaxes Curb on Clinton's Power on Haiti Crisis**

OW0608084094 Beijing XINHUA in English 0744  
GMT 6 Aug 94

[Text] Washington, August 5 (XINHUA)—The U.S. Senate today agreed to allow president Bill Clinton to order a U.S. invasion of Haiti without first getting congressional approval.

The senate in a vote rejected a proposal prohibiting a U.S. invasion without prior congressional approval and this was the reverse of the position it took Wednesday when it voted unanimously to request Clinton to seek congressional approval before ordering an invasion.

The conflicting votes show that the Congress has taken strong positions on non-binding resolutions but refused to restrict the president's authority with binding laws.

The Congress has taken a number of votes on Haiti. On May 24, the house passed a non-binding proposal, which says that the United States should not invade Haiti unless a clear danger to U.S. citizens or U.S. national interests arises. But on June 9, with 29 democrats changing stands, the house reversed itself on the issue.



Similar things have happened in the senate. On June 29, the senate overwhelmingly passed a non-binding resolution urging the president to seek congressional approval before sending U.S. troops to Haiti. The vote came just after the senate rejected a binding proposal to block military action in Haiti unless approved in advance by Congress.

After today's vote, one of the senators, who opposes military actions against Haiti, said that the vote should not be interpreted as a green light for Clinton to launch an invasion without consulting the Congress.

The WASHINGTON POST reported Friday that Clinton's top advisers have concluded that they need at least until mid-September to launch an invasion of Haiti under "optimal" conditions, based on what officials said was the time required to enlist and train the international component of an invasion force led by the United States.

#### **Symposium Held on Managing 'Continental Bridge'**

OW0608153794 Beijing XINHUA in English 1447  
GMT 6 Aug 94

[Text] Lanzhou, August 6 (XINHUA)—The international symposium on developing a co-operation system for the second Asia-Europe "continental bridge" was held today in this capital of northwest China's Gansu Province.

More than 50 scholars from Hong Kong, Germany and ten provinces and regions of China attended the symposium.

Major topics covered the development of areas along the "bridge", development strategy, international co-operation and infrastructure construction and opening-up.

The eastern starting point of the second Asia-Europe "continental bridge" is Lianyungang, a port city in East China, while the western end is Rotterdam in the Netherlands.

The 10,700-km "continental bridge" links the Pacific Ocean with the Atlantic Ocean.

It is estimated that the development of about 80 percent of the area of China and 76 percent of its population will be directly affected by the opening of the "bridge".

Experts said that Lianyungang city has close connections with Qingdao, Shanghai, Xiamen and Guangzhou—all important Chinese port cities.

As a result, it will attract attention from Japan, Republic of Korea and Singapore, which are all located on the west side of the Pacific Ocean.

The "bridge" also runs through five provinces in North China and countries in Central Asia, all of which need comprehensive development.

The experts concluded that the second Asia-Europe "continental bridge" will be of great importance to world trade.

#### **United States & Canada**

##### **Sino-American Cooperation To Upgrade Power Plant**

OW0808065994 Beijing XINHUA in English 0648  
GMT 8 Aug 94

[Text] Shanghai, August 8 (XINHUA)—Shanghai, China's largest economic center, is co-operating with an American company to upgrade a major power plant.

The newly-established Shanghai Gas Turbine Power Company Ltd, a Sino-American joint venture, is responsible for the technical transformation of the Shanghai Zhabei Power Plant, which has a history of 64 years.

The company was set up jointly by the Shanghai Power Company and the General Electric Banking Company of the United States.

Construction of the upgrading project, which is scheduled to begin next year, requires a sum of 1.677 billion yuan, of which 69 percent will come from the Chinese side and the rest from the U.S. side.

##### **'Roundup' Views First-Phase of Whitewater Probe**

OW0608083994 Beijing XINHUA in English 0731  
GMT 6 Aug 94

["Roundup": "U.S. Congress Ends First-Phase Probe on Whitewater"]

[Text] Washington, August 5 (XINHUA)—The U.S. Congress today ended its week-long hearings on the first-phase investigation of the Whitewater affair involving President Bill Clinton and his wife after 11 sessions.

The 11 hearings were held by the U.S. Senate Committee of Banking, Housing and Urban Affairs and its house counterpart, focusing on the three major aspects of special prosecutor Robert Fiske's investigation.

The three aspects were: The death of Vincent Foster jr., former deputy White House legal counsel who was responsible for the Whitewater affair in the White House; the handling of the related documents in Foster's office following his death; and the contacts on the Whitewater affair among White House and U.S. Treasury Department officials.

At the request of Fiske, the hearings set aside the issue of the handling of the papers in Foster's office.

More than 30 witnesses appeared before the hearings and they included a dozen senior officials from the White House and the U.S. Treasury Department, such as senior advisors to President Clinton and U.S. Treasury Secretary Lloyd Bentsen.



One of the 11 hearings called by the Senate Banking Committee was centered on the death of Foster, who was found dead on July 20 last year in a park near Washington. Following his death, documents about the Whitewater affair in his White House office were quickly removed, giving rise to the speculation that he might have been murdered.

Testifying before the hearing, a medical examiner and two park policemen said that Foster committed "suicide" with a 0.38-caliber revolver though their answers to senators' questions triggered heated debates among Democrat and Republican senators.

Fiske confirmed the park police's conclusion in his 200-page special report which was issued at the end of June and was given to the press on the hearing day.

With regard to the contacts among the White House and Treasury Department officials, all the witnesses said that they were fulfilling their "duties" in hope of helping the administration handle the affair properly.

They did not violate any law or ethic rules, nor did they try to change the decision of the investigators (regulators of the resolution trust corporation under the Treasury Department) and impede the probe into the affair, the witnesses added.

But Republican senators said that investigations indicated at least 40 contacts took place between the White House and the Treasury Department.

They said senior White House officials posed their nose into the probe in an attempt to interfere with the RTC regulators' investigation by abusing the power of the executive branch.

Commenting on the testimonies of the witnesses, Democrat senators or representatives were gentle though they did render stern criticism sometimes. Their Republican counterparts, however, were very critical of the witnesses and sometimes they even mocked at them. Democrats, unable to tolerate, fought back in some cases.

In his testimony, 72-year-old Treasury Secretary Lloyd Bentsen, who was a senator for 22 years, said: "I want to remind the committee of one important point: The Treasury Department has a law enforcement role, as do a number of other government agencies. It is critical that the department be able to communicate with other agencies, and the white house when necessary."

Bentsen and other witnesses quoted special prosecutor Fiske as saying in his first-phase investigation report that no evidence of violations of law or ethics was found with regard to the contacts and meetings among the white house and treasury department officials.

The American public's reactions to the hearings varied. Some said that it was necessary to clear up the questions raised, while others complained that their disputes may boil down to nothing.

The Whitewater affair hearings were a "farce," "full of sound and fury," a U.S. publication said.

This was "party politics," a senior assistant to a Republican senator said, declining to be named. Both Democrats and Republicans are trying hard to win over voters as the mid-term election is drawing near, he added.

### **Shanghai Deputy Mayor Presents Award to American Manager**

*OW0608145094 Beijing XINHUA in English 1442 GMT 6 Aug 94*

[Text] Shanghai, August 6 (XINHUA)—Shanghai awarded the Magnolia prize to an American yesterday for his decade-long dedication to the city's pharmaceuticals industry.

Jiang Yiren, deputy mayor of Shanghai, presented the award to William T. Outeh, technical manager in charge of the Asian Pacific area of the Schering Plough Co. Ltd, a leading pharmaceuticals company in the United States.

Outeh began his contact with the Shanghai Pharmaceutical Administration in 1985, seeking co-operation. To date, he has visited Shanghai 48 times on cooperative projects.

On the day he received the award a 15-million-u.s. dollar contract was signed between the Shanghai No. 4 pharmaceuticals factory and Outeh's company to set up a joint venture to produce new antiallergic and antiphlogistic drugs.

The Magnolia award was set up in 1992 by the Shanghai Municipal Government, specially for foreign experts who have made outstanding achievements in promoting economic, cultural, educational, scientific or technological exchanges between Shanghai and the outside world.

The Magnolia is the city's adopted flower.

### **Northeast Asia**

#### **Beijing Radio Comments on Renewed DPRK-U.S. Talks**

*SK0808023394 Beijing China Radio International in Korean 1100 GMT 6 Aug 94*

[Commentary on the resumed DPRK-U.S. high-level talks]

[Text] A spokesman for the DPRK Foreign Ministry said: The resumption of DPRK-U.S. high-level talks will make it possible to achieve a package solution to DPRK-U.S. problems, including the nuclear issue on the Korean peninsula.

Viewing the current situation on the Korean peninsula, the issue of easing tensions and guaranteeing peace can be resolved between the parties concerned, that is, the DPRK and the United States. If the third round of DPRK-U.S. talks guarantees providing the DPRK with a

light-water reactor as well as improving cooperative relations and establishing trust between the DPRK and the United States, a decisive phase favorable to South-North relations will be opened in the situation.

Regarding this, Robert Gallucci, head of the U.S. delegation and assistant secretary of state for political and military affairs, said on 2 August: The U.S. position on the resumed talks is that it will hold broad and thorough negotiations with the DPRK. In addition to the resolution of the nuclear issue, a broad range of issues, including trade, economic, and political relations should be discussed to realize the normalization in relations between the two countries should be addressed at the negotiations.

The United States raised the Korean nuclear issue after the Gulf war ended in 1991. Many times, sharp confrontation erupted between the DPRK and the United States over the issue. The two countries held vice foreign ministerial talks and agreed in principle to improve relations between the two and to resolve the Korean nuclear issue in June and July 1993. This system toward detente, however, can not last long.

Negotiations on the Korean nuclear issue, which were actively being pursued, have been suspended ever since the International Atomic Energy Agency [IAEA] and the DPRK had disputes over the issue of supervising nuclear fuel replacement at a nuclear reactor located near Pyongyang in March. The two sides held talks on technological measures several times, but failed to reach an agreement.

On 10 June, the IAEA Board of Governors adopted a resolution on sanctions against the DPRK and decided to stop all assistance to the DPRK, including [word indistinct]. The DPRK declared that it would withdraw from the Nuclear Nonproliferation Treaty on 13 June. Accordingly, dialogue among the various parties was suspended.

While making efforts for the UN Security Council to adopt a resolution on sanctions against the DPRK, the United States conducted joint military exercises with the ROK Army and deployed Patriot missiles in the ROK. The DPRK repeatedly declared that it would regard any kind of sanction as a declaration of war against it.

The sudden aggravation of the situation on the Korean peninsula has triggered great concern from the international community. Many countries hope various parties concerned will resolve the issue through dialogue. Many scholars insist: Threatening the DPRK with sanctions will aggravate confrontation. Applying pressure and restrictions on the DPRK will not help resolve the issue. Dialogue is the only effective way to ease tensions.

On 15 June, former U.S. President Jimmy Carter visited Pyongyang as a civilian and played the role of a mediator, thus opening a new road for talks between the DPRK and the United States. On 19 June, the U.S.

Government declared that it was willing to resume negotiations with the DPRK once the DPRK proved that it had frozen its nuclear program.

The third round of DPRK-U.S. high-level talks was held in Geneva on 8 July to resolve the Korean nuclear issue and discuss DPRK-U.S. relations. The talks, however, were suspended due to the death of DPRK President Kim Il-song.

The resumption of the third round of DPRK-U.S. high-level talks has again created conditions helpful in resolving the Korean nuclear issue. People are sure that if the two sides value this opportunity and sincerely hold negotiations and dialogue with an equal, proficient [sil-sagusijok], and a level-headed attitude, they will achieve the goals of resolving the nuclear issue, and furthermore, of realizing the denuclearization of the Korean peninsula and maintaining security on the peninsula.

#### Article Views CPC Reaction to Kim Chong-il Envoy

HK0508154094 Hong Kong CHIEN SHAO in Chinese  
No 8, 8 Aug 94 pp 6-8

[By CHIEN SHAO correspondent Lo Ping (5012 6393): "Jiang Zemin Met North Korean Secret Envoy To Offer Secret of Success in Putting Down Disturbances"]

[Text] When DPRK dictator Kim Il-song passed away, the CPC panicked. Before it had any policy response in place, Kim Chong-il's secret envoy was in China asking for a meeting. On the question of how to deal with possible political turmoil, Jiang Zemin passed on and offered without reservation to a "fellow communist party" the experience and lessons of the "Chinese party." However, Jiang Zemin erred in interpreting Deng's thinking on the question of offering personnel and material support to the Kim Chong-il faction in cracking down on turmoil.

#### The CPC Sent Doctors To Save Kim Il-song's Life

On 7 July this year, almost simultaneously the CPC International Liaison Department [ILD] and the embassy in North Korea made an urgent report to Zhongnanhai: Korean Workers Party [KWP] leader Comrade Kim Il-song has suffered a sudden attack of cardiomyopathy; Comrade Kim Il-song is requesting China to dispatch an expert team to Pyongyang immediately to join the emergency treatment effort. The CPC put the Ministry of Public Health in charge of an operation to assemble a group of experts at the ILD Guesthouse on Wanshou Road to be picked up by a special vehicle and driven to Nan Yuan Airport.

#### When Kim Il-song Passed Away, Jiang Zemin Reacted as if He Had Lost His Parents

Meanwhile, at the brightly lit "Qin Zheng" [Devotion to Administrative Work] Hall of Zhongnanhai, Jiang Zemin put aside fatigue caused by that day's reception of

the Hong Kong "One country, Two Systems" Beijing-Visiting Delegation and telephoned for updates on the deployment of the experts and liaised with the pilots of the special plane. The person-in-charge of the special plane pilots said that Flight 4018, a Boeing 737, was readied with a CPC topnotch pilot, a certain Ni, who had flown the Pyongyang route many times, as the captain.

At around 0100 on the morning of the 8th, Zhongnanhai received a telephone call from North Korea reporting Kim's death in a wailing tone. At this time the CPC's special Boeing carrying medical experts had flown into North Korea.

#### **Kim Il-song Relied on the CPC, the CPC Relied on the West**

In the past, the greatest threat to Kim Il-song's health was his heart. He had undergone two operations by CPC cardiologists; one, a cardiovascular-bridging surgery, was undertaken at Beijing 305 Hospital in the western part of Zhongnanhai. The room Kim checked into used to be Mao Zedong's private sickroom.

People concerned revealed that since the CPC's reform and opening up, a few central leaders had traveled to the West in secret to undergo heart and other kinds of surgery; for example, Wang Zhen went to the United States and Luo Ruiqing to the former West Germany. The surgery became public with Luo Ruiqing's death on the operating table in a West German hospital from an acute heart attack when undergoing leg bone surgery; and to this day the outside world knows very little about the fact that Wang Zhen traveled to the United States to undergo heart surgery.

It is said that although Kim Il-song was very unhappy about the CPC's "reform and opening up" policy, he nevertheless was very envious of CPC leaders being able to travel to Western countries for medical treatment. CPC leaders only succeeded in making Kim Il-song feel better about the arrangement of treatment by mainland experts by citing Luo Ruiqing's death of an acute heart attack on the operating table in West Germany.

#### **Kim Il-song's Sudden Death Surprised the CPC**

After the successful cardio-bridging surgery on Kim Il-song in Beijing, Qiao Shi and other ILD leaders had arranged a special meeting with the expert team in which they asked the experts about the surgery and their prognoses on Kim Il-song's health. The experts were mostly optimistic. This, coupled with Kim's "robustness" at a meeting shortly before his death with U.S. former President Carter, was why his sudden death caught the CPC higher levels completely off guard.

Perhaps it was to forestall any "misunderstanding" and doubts on the part of the CPC about Kim Il-song's sudden death that Kim Chong-il and his men, after they had notified the CPC of Kim Il-song's death, requested

the CPC cardiologists now in Pyongyang to participate in a postmortem on the body. The CPC granted the request.

#### **The Hereditary Process Was Embarrassing to the CPC**

Shortly after Deng Xiaoping returned to power and work, Kim Il-song conveyed to CPC leaders his idea of grooming his son as his successor. In September 1982, Kim Il-song visited the mainland, during which time Deng Xiaoping accompanied him on a special tour of Sichuan. During the tour Deng explained to Kim Il-song the reasons for "ousting Hua Guofeng" and his plan to groom his successors. Kim Il-song took the opportunity and brought up his detailed arrangements to transfer his leadership to his son.

It is said that Deng Xiaoping did not make any comment then; although later, in a discussion on Sino-DPRK relations at a CPC Political Bureau session, Chen Yun observed that the DPRK's hereditary rule would create a terrible precedent in the history of the international communist movement and provide a handle for the common enemies of socialist countries.

#### **The CPC Is Neither Enthusiastic Nor Cold Toward Kim Chong-il**

Finally, the CPC Political Bureau made the following resolutions: One, the party would not make any direct comment on the question of a successor for the KWP; two, the party would not conduct any internal or external propaganda on this practice by the KWP; and three, in dealing with Kim Chong-il himself, the party would treat him with a comportment matching his specific duty-rank within the KWP.

It is said that after the CPC made the above resolutions, the DPRK suggested, on the question of party-to-party protocol, that Kim Il-song's status in the KWP was equivalent to Deng Xiaoping's in the CPC and Kim Chong-il's to Hu Yaobang's (who was then still CPC general secretary). The CPC did not pay any attention to the notion.

#### **Kim Chong-il Asked the CPC To Recognize His Succession to the Leadership**

This overture explains why Kim Il-song had been dead for less than a few hours when Kim Chong-il's secret envoy was in Beijing with a personal letter from Kim Il-song and was received first by Qiao Shi and Hu Jintao and later by Jiang Zemin.

Informed sources revealed that after he had briefed key CPC men on the emergency medical treatment for Kim Il-song, Kim Chong-il's secret envoy made two requests: One, it was hoped that the CPC would promptly adopt a clear position to the outside world of firm support for Kim Chong-il on the question of his official succession. Such support could be made known to the world at large in the form of a CPC cable of condolence addressed directly to Kim Chong-il. This would convey promptly to



the West and South Korea that Kim Chong-il had secured legitimacy for his position and act as a deterrent to any possible power struggle within the KWP.

#### **Kim Chong-il Attempted To Crack Down on His Opponents Using the CPC**

Two, it was hoped that the CPC would rescue the KWP from danger with prompt personnel and material support if massive chaos such as troop rebellions and riots by armed workers and peasants broke out in the DPRK.

Kim Chong-il's secret envoy cited the "treaty of friendly cooperation and mutual aid" between the DPRK and China; but Qiao Shi and Hu Jintao stated that the "joint measures" provided for in the treaty were expressly against an invasion by any country of the signatory countries, while sending troops to a signatory country to quell turmoil there would, from the perspective of international law, be classed as intervention in its internal affairs.

After being fobbed off by them, Kim Chong-il's secret envoy turned to Jiang Zemin with his plea, saying that after Kim Il-song's death, it required a certain process before Kim Chong-il could consolidate his power; if major internal strife occurred within the DPRK, South Korea would surely launch an attack and forcibly unify the Korean peninsula under the capitalist system, and by then the CPC would regret it's being too late even if it wanted to intervene militarily.

#### **Jiang Zemin Verbally Conveyed the Secret of Success in Quelling Turmoil**

Jiang Zemin stated: The final decision to okay the show of support to the outside world to Kim Chong-il's succession to supreme leadership power in the form of a cable of condolence lies with Comrade Xiaoping; but I believe he would agree.

Concerning the DPRK's internal affairs, we believe that Comrade Kim Chong-il will successfully take over Comrade Kim Il-song's position. As for possible political and social turmoil, the Chinese party is willing to offer its experience and lessons to its DPRK fellow-party. Although the counterrevolutionary rebellion that occurred five years ago was put down in a relatively smooth way, the Chinese party and government paid an enormous price for it, of which the economic price and the loss of life among PLA commanders and soldiers were the tangible cost; while the intangible cost was that the party and the people's government suffered unjustified damage to their authority. The painful experience and lesson taught us a truth, that is that inside the party we must not tolerate or breed bad elements, while outside the party we must not allow any political and social turmoil to grow. Behavior which endangers Communist Party leadership and undercuts the socialist system must all be nipped in the bud immediately.

#### **The CPC Dares Not Act Like a No. 1 Party**

Jiang Zemin thought that his response to Kim Chong-il would be praised by Deng. Unexpectedly, however, Deng Xiaoping still blamed him for failing to have a good grasp of the policy toward the DPRK. Deng Xiaoping instructed Ding Guangen, who went to ask for his imperial edict, that we can only hope that Kim Chong-il will be closely united with other comrades of the KWP so that the situation there can be stabilized for a period of time and the duties of Kim Il-song will be taken over smoothly. But, we should make one point clear to the Korean comrades: Whether or not Kim Chong-il will be supported by most comrades within the party mainly depends on himself. We should not personally exert strong pressure on the political opponents of Kim Chong-il which may exist in the KWP. The Chinese Government will not interfere in the internal affairs of other countries, nor will the CPC interfere in other fraternal parties' internal affairs. It is our consistent principle that the Communist Party will never act like a No. 1 party.

#### **Korea Will Not Become a Second Hungary**

Deng Xiaoping also gave specific instructions that wording concerning the KWP with Kim Chong-il as its "head" should first appear in its public documents before other fraternal parties follow suit to express their support. If civil disturbances occur in Korea or internal strife breaks out within the party, China will, in principle, not adopt the method employed to resolve the Hungary incident by the international communist camp in the 1950's.

When the "counterrevolutionary rebellion" broke out in Hungary in 1956, the CPC sent Deng Xiaoping in the capacity of a special envoy to lobby Stalin to send troops for suppression.

#### **Jiang Zemin Is Voted Down by Deng for His Attempt**

To Make Himself Prominent Regarding how to write the names of the senders and the recipients on the cable of condolence to be sent to the DPRK, Ding Guangen asked Deng Xiaoping whether Comrade Jiang Zemin, as general secretary of the party's Central Committee, chairman of the Central Military Commission, and president of the PRC, which is equivalent to the position of Kim Il-song, could send a cable of condolence in his own name, alongside the cable in the name of the CPC Central Committee. Deng Xiaoping thought it inappropriate, and suggested that the cable be sent in names of Jiang Zemin, Li Peng, and Qiao Shi so as to reflect the collective leadership of the CPC. In the meantime, the names of the recipients should be the KWP and the government instead of Kim Chong-il alone.

When Ding Guangen returned to Zhongnanhai with the instructions, Wang Ruilin of the Deng Xiaoping Office followed at his heels with Deng's personal consolatory cable, in which Kim Chong-il's name was not mentioned at all. At this moment, they had just received the "letter to all party members and people" from the KWP,

wherein the "great successor" was unequivocally named as Kim Chong-il, so that Jiang Zemin dared to give the order that an emphatic phrase—"the Central Committee of the KWP with Comrade Kim Chong-il as its head"—be added to the cable of condolence.

#### **The CPC Is Incapable of Ensuring the Future of the KWP**

It was just at this moment that Li Peng arrived in Romania to start his visit there. Deng Xiaoping instructed the Foreign Ministry to send a cable to Li Peng at once, calling for him to clarify once again the Chinese party and Government policies toward the East European countries on a "suitable occasion." As a result, Li Peng obediently made a speech, stressing that the CPC and the Chinese Government "respect the choice of the people of the East European countries themselves."

In fact, this diplomatic language was also intended for the DPRK leaders. Deng Xiaoping precisely wanted to send a definite message to Kim Chong-il and his colleagues: Whether the DPRK will be able to maintain the state power of the Communist Party after Kim Il-song's death and whether it will be able to persist in taking the so-called "socialist road" are up to the Korean people themselves. The CPC is not in a position to attend to so many things just as a clay idol can hardly save itself while crossing a river.

#### **Shandong Signs Bus-Production Contract With ROK Company**

*SK0408024194 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 3 Aug 94*

[Text] On the afternoon of 3 August, a ceremony was held at the Qilu Guest House of Jinan on cooperation in producing large buses between the bus plant of Jinan and the Daewoo Heavy Industrial Corporation of the Daewoo Group of the ROK.

Attending the ceremony were Zhao Zihao, governor of Shandong Province, and Kim U-chung, president of the Daewoo Group.

Prior to the ceremony, Governor Zhao held a cordial and friendly talk with Mr. Kim U-chung and his entourage.

The Daewoo Group is a large and comprehensive enterprise of ROK. The contract signed at the ceremony is aimed at meeting the needs of developing express and high-grade highways throughout the country and the needs of increasingly-developed tourist business. According to the contents of the contract, the total investment made in the project reaches \$27.37 million and the registered capital for the project reaches \$22.37 million. The annual output of the cooperative production project will be more than 2,000 large buses.

#### **Jilin Secretary Meets ROK Study Group**

*SK0608091394 Changchun JILIN RIBAO in Chinese 20 Jul 94 p 1*

[Text] On the evening of 19 July He Zhukang, secretary of the provincial party committee and chairman of the

provincial people's congress standing committee, and Quan Zhezhu, vice governor of the province, received at the Changbaishan Guest House some members of the ROK study-training group headed by Kim Sang-hyon, legislator of the ROK National Assembly.

During the reception, He Zhukang extended warm welcome to the visit paid by the ROK study-training group on behalf of the provincial people's congress standing committee and the provincial people's government. He said: Since the establishment of diplomatic relations between the two nations, China and ROK have achieved rapid development in their relationship. The relations of the economy and trade as well as friendly contacts between Jilin Province and ROK have achieved considerable development. He welcomed the Korean guests on behalf of Governor Gao Yan because he is busy and not in Changchun at present. He welcomed the Korean guests to sightsee and tour the province and to hold trade talks with the province. He also wished them success during their visiting tours.

Kim Sang-hyon, head of the ROK study-training group, extended thanks for the enthusiastic hospitality given by He Zhukang and Quan Zhezhu to the group. He expressed that he will make all-out efforts to promote economic development and trade between China and the ROK.

Attending the reception were Sun Yaoting, deputy secretary general of the provincial people's government, and responsible personnel from the provincial foreign affairs office, the provincial foreign trade department, the provincial foreign economic relation bureau, the Changchun customs office, and from departments concerned.

The ROK study-training group arrived in Changchun by train from Yanbian Autonomous Prefecture on the morning of 19 July.

#### **Shandong's Weihai To Hold Sino-ROK Trade Fair**

*OW0608072894 Beijing XINHUA in English 0644 GMT 6 Aug 94*

[Text] Jinan, August 6 (XINHUA)—Weihai city in east China's Shandong Province will hold a Sino-ROK (Republic of Korea) economic and trade fair September 3 this year.

According to officials from the city's foreign trade department, the sponsor of the fair has sent about 5,000 invitation letters to businessmen in the ROK, Japan, Singapore, Taiwan, Hong Kong and Macao.

They also said that the fair will have about 200 booths.

Businesses will have a chance to hold talks on foreign trade, labor service projects and tourism.

Weihai city is China's nearest point to the ROK. Its trade and economic cooperation with the ROK has played an important role in the local economy.

At a recent Sino-ROK trade fair held in the city, more than 1,500 businessmen from the ROK attended. The transaction volume at the fair reached 220 million U.S. dollars.

About 252 foreign-funded projects signed contracts, with the contracted investment surpassing 800 million U.S. dollars.

### Southeast Asia & Pacific

#### Li Peng Extends Sympathy to Flood Victims in Cambodia

OW0608085294 Beijing XINHUA in English 0824 GMT 6 Aug 94

[Text] Phnom Penh, August 6 (XINHUA)—Chinese Premier Li Peng has extended deep sympathy to and solicitude for the people in the flood-affected provinces in Cambodia.

In a message of sympathy and solicitude conveyed by Chinese Ambassador Xie Yue to Cambodian First Prime Minister Ranariddh and Second Prime Minister Hun Sen this morning, Li said: "I have been much distressed to hear about the disaster caused by the flood in the provinces of Kampang Speu and Kandal of the Kingdom of Cambodia."

"On behalf of the government and people of the People's Republic of China, may I extend my deep sympathy to and solicitude for the people in the flood-affected provinces," Li said.

Li said: "I believe that under the leadership of the Royal Government of Cambodia they will soon be able to rebuild their homes."

Meanwhile, the Red Cross Society of China has decided to donate 50,000 U.S. dollars to the Cambodian Red Cross as relief fund for the people in the flood-affected provinces of Cambodia.

#### Foreign Affairs Expert Meets Thai Foreign Minister

OW0508134194 Beijing XINHUA Domestic Service in Chinese 1600 GMT 4 Aug 94

[Text] Bangkok, 4 Aug (XINHUA)—Thai Foreign Minister Prasong Sunsiri met with Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, here today. The two exchanged views on bilateral relations and regional issues.

The Thai foreign minister briefed the Chinese visitor about the ASEAN forum held recently in Bangkok, noting that the forum produced positive results. He also expressed satisfaction with Thai-Chinese relations and cooperation in regional affairs.

Liu Shuqing arrived in Bangkok 31 July on a goodwill visit to Thailand at the invitation of the Thai Institute of International Affairs. He attended the fourth seminar on Thai-Chinese relations held in Bangkok 1-2 August.

During the seminar, Chinese and Thai scholars and personalities concerned held useful discussions on Sino-Thai relations as well as global and regional political, economic, and security issues. The attendees forwarded constructive opinions for strengthening cooperation between the two countries.

#### Australia Warns Against 'Harsh Treatment' of Businessman

HK0608054494 Hong Kong EASTERN EXPRESS in English 6 Aug 94 p 2

[By Bruce Gilley]

[Text] Australia has warned that bilateral ties with China could suffer if harsh punishment is meted out to an Australian businessman, James Peng, in an impending corruption trial in Shenzhen. The Foreign Minister, Gareth Evans, raised the stakes with a letter to his Chinese counterpart, Qian Qichen, threatening diplomatic retaliation if Peng was given "harsh treatment" by the court.

"This is something neither he nor the Australian government wants to see," Kate Wall, a spokeswoman for Evans, said yesterday. She said the government was "now looking into" ways to ensure the trial is fair. "There is no question that we will act to ensure due process. We just have to work out how to do it," she said. The Australian consulate general in Guangzhou would likely be involved, she said, but declined to provide further details. China could begin the trial as early as Thursday, but Wall said it was Australia's understanding that it could be several weeks away.

Peng's mother was told by Shenzhen judicial authorities yesterday to "go home and wait for further notification" after visiting the local court for a copy of the prosecution statement. The rebuff appeared to violate Chinese law, which stipulates that relatives are allowed to see the statement once it is handed to the court by the local prosecutor's office. "They said when they have documents to give out they will inform her," Peng's wife, Lina, said. "I'm fearful that they plan to tell us about the prosecution only one or two days before the trial opens. The lawyer will have no time to prepare a defence," she said.

After being taken from Macao last October, Peng, the former chairman of the Yuan Ye Company, was formally charged with corruption involving US\$1.4m (about HK\$10.9m) in funds loaned by a mainland bank. He has been detained in Shenzhen since then. On Thursday, prosecutors handed their prosecution statement to the court, meaning a trial could open as early as next Thursday.

The charge of corruption carries a maximum penalty of death, which mainland judicial guidelines say should be passed for cases above 50,000 renminbi (about HK\$44,500). Human rights groups said yesterday that politics threatened to impede the due process of law. "The judge will not decide it. The Chinese will take into account international opinion and Australian government pressure while striking a tough pose to not back down because of the large

number of high-powered officials involved in the company," Robin Munro, the Hong Kong director of Human Rights Watch/Asia, said.

The impact on Sino-Australian economic links was downplayed by Philip Day, the chairman of the local Australian Chamber of Commerce. "There may be hiccups in the bilateral relationship from time to time, but trade can continue to develop," he said.



## Political & Social

### Jiang Zemin Decrees Coastal Crackdown on Vices

HK0608081594 Hong Kong MING PAO in Chinese  
19 Jul 94 p A8

["Special dispatch": "In Line With Jiang Zemin's Instructions, the Coastal Areas To Crack Down Hard on Pornography, Gambling, and Drug-Trafficking"]

[Excerpt] According to a reliable source, during a recent inspection of Guangdong and Fujian, CPC General Secretary Jiang Zemin especially discussed the issues of cracking down on pornography, gambling, drug-trafficking, and the "three-accompanies" (accompanying guests in drinking, dancing, and singing). He instructed the coastal areas to adopt firm measures to comprehensively crack down on such social vices. Jiang said: We should not seek economic benefit at the expense of the building of spiritual civilization. In eliminating the seven vices, we not only should crack down on pimps and gamblers, but also sternly punish plotters, operators, and shielders.

The source said: In line with the spirit of Jiang Zemin's instructions, the coastal areas—including Guangdong, Fujian, and Hainan—will comprehensively launch large-scale activities to crack down on pornography, gambling, and drug-trafficking.

Despite repeated efforts in recent years to crack down on pornography, gambling, and drug-trafficking on the mainland, and especially in the coastal areas, the problem has become more serious. The authorities and some officials do not have a consensus on this issue. Earlier there were even arguments from Beijing that it is reasonable to set up red light districts, that there is no necessary link between the "three-accompanies" and pornographic activities, and that lotteries are good for public welfare. Many of those holding these views are Communist Party members.

In the coastal areas, many of the grass-roots personnel who plan, participate in, and operate pornographic and gambling activities are cadres who are party members. Public security officers and other law-enforcement personnel in some localities even serve as protectors.

This state of affairs has drawn the attention of the hierarchy in Zhongnanhai. They regard this as corrupt behavior that will seriously endanger the party's cause. Jiang Zemin and Li Peng have made internal speeches on numerous occasions. The State Council also has issued a document, explicitly prohibiting government departments and party-member cadres from taking part in pornographic, gambling, and drug-trafficking activities. Recently it was heard from Beijing that those party members who call for the establishment of brothels and red light districts will be expelled from the party. [passage omitted]

### XINHUA Chief Urges 'Tightened' Controls on Press

OW0608062394 Tokyo KYODO in English 0539 GMT  
6 Aug 94

[Text] Beijing, Aug. 6 KYODO—The head of China's XINHUA NEWS AGENCY called for tightened control on the Chinese press and renewed attacks on Western bourgeois liberalism in an article published in the August issue of PARTY CONSTRUCTION.

"In recent years, along with the infiltration of Western bourgeois news ideas during the new situation, some people have brought forward some chaotic theories and viewpoints aimed at the basic question of whether or not to continue to support the party's principle on news," Zheng Chaoren wrote.

"News gathering can only come under the leadership of the party and must unconditionally follow the orders and serve the general aims, responsibilities, principles and policies of the party," wrote Zheng, who also serves on the Central Committee of the Communist Party and is a major player in propaganda circles.

"This is what we have always called the party's principle on news," Guo Chaoren wrote.

Zheng lamented that some Chinese journalists do not agree that the press "is a public opinion tool" of the party, "deny the party's leadership in news work" and emphasize that "the party's principle separates news work from the masses."

He further attacked the "monopoly" of the Western press, which "specializes in exaggerating...the so-called dark side of socialist countries," "create rumors" and propagandizes the values and life-styles of Western democratic liberalism and the "decadent and moribund Western cultural ideology."

Zheng's article, while pointing out the obvious contradictions of trying to control public opinion in an increasingly open society, also said Chinese journalists are writing news that lacked "depth and strength," and which were "generalized" and "superficial."

### Li Lanqing Urges New Evaluation Criteria in Schools

OW0508163594 Beijing XINHUA in English 1506  
GMT 5 Aug 94

[Text] Shijiazhuang, August 5 (XINHUA)—Vice-premier Li Lanqing has called for a reduction of the homework burden on students in primary and middle schools.

He was speaking at a forum held in this capital of Hebei Province August 3 to 4.

In recent years the Central Committee of the Chinese Communist Party and the State Council have time and



again issued circulars urging education departments and institutions to solve the problem.

But, he noted, the problem remains serious in many places.

He said that the major cause of the problem is the wrong guideline in schooling. Some schools have one-sidedly stressed getting high marks in exams.

He urged local governments and education bureaus to stop evaluating the performance of a school by the percentage of the school graduates going to schools of a higher grade.

The deputy governors of Hebei and Liaoning Provinces, the deputy mayors of Beijing, Shanghai and Tianjin, and the directors of education departments attended the forum.

### Hong Kong Paper Profiles Li Ruihuan

HK0708080594 Hong Kong TA KUNG PAO in Chinese  
6 Jul 94 p 49

["Important Political Figure in China" column: "Li Ruihuan, Who Has a Distinctive Style"]

[Text] "China should perfect a fairly complete legal system step by step and should systematize and legalize democracy so that this system and law of China will not be subject to changes in its leadership or to shifts in their views and attention."

Upon hearing such a sharply worded remark and considering its incisive and aggressive character, you may think it was a blunt statement made by a noncommunist. In fact, it was Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee and chairman of the Chinese People's Political Consultative Conference (CPPCC), who said precisely these words in a closing address at the Second Session of the Eighth CPPCC. From his words, you can discern the boldness of Li Ruihuan, a man who is well-known for "daring to speak."

### Extensive Ties With Democrats

Owing to his extensive ties with intellectuals and democratic figures, CPC leader Li Ruihuan was elected chairman of the CPPCC, the highest leader of the largest united front organization in China, at the First Session of the Eighth CPPCC. He assumed this high and lofty office, succeeding such party elders as Mao Zedong, Zhou Enlai, Deng Xiaoping, Deng Yingchao, and Li Xiannian, despite his own class background as a worker.

As an incumbent "manager" of the united front body of the CPC, Li Ruihuan was also elected member of the Standing Committee of the Political Bureau of CPC Central Committee, the highest leading circle of the CPC, in June of 1989. Before that, he had won favorable approval from Deng Xiaoping for his outstanding performance as mayor of the city of Tianjin. In October

1992, he was re-elected member of the Politburo Standing Committee at the age of 58.

### Nationwide Fame as "Young Lu Ban"

Li Ruihuan was born into an ordinary peasant family in Baodi County, Tianjin. In the early 1950's, he worked as a carpenter for a construction team in Beijing and gained national fame as "Young Lu Ban" [a famous carpenter in ancient China] for his introduction of the Simple Calculating Method, which took the place of the old magnifying method handed down by carpenters for hundreds of years, and which raised efficiency more than tenfold.

Later on, Li Ruihuan was promoted to the position of leader of a shock brigade composed of young carpenters at the Beijing No. 3 Construction and Engineering Company, and he led his brigade on a number of important construction projects, including the construction of the Great Hall of the People. In the construction of the Great Hall of the People alone, he successfully tested over 150 technological innovation projects. He was thus conferred the title of "National Model Worker" on many occasions, and the impact of his "youth shock brigade", the first of its kind in China's building circles, has persisted even to this day.

His rich practical experience in grass-roots units is his specialty. What comes as a surprise is that he received tertiary education, as his resume shows.

While he was a worker with the Beijing No. 3 Construction and Engineering Company from 1951 to 1965, Li Ruihuan attended classes at the Beijing Part-Time College of Construction Industry from 1958 to 1963. He joined the Chinese Communist Party in September 1959 and became deputy secretary of the party committee of the Beijing Building Materials Company in 1965. He was subject to persecution during the Cultural Revolution. From 1971 onward, he worked successively as the secretary of the Beijing Construction Timber Company CPC Committee, deputy secretary of the CPC Committee of the Beijing Industrial Bureau of Building Materials, deputy director of the Beijing Construction Commission and concurrently commander of the municipal capital construction headquarters, deputy director of the municipal federation of trade unions, member of the Standing Committee of the Fifth National People's Congress [NPC], and member of the Standing Committee of the All-China Federation of Trade Unions. From 1979 onward, he was member of the Standing Committee of the Tianjin Municipal CPC Committee and vice mayor, secretary of the municipal party committee, acting mayor, and mayor of Tianjin. He served both as mayor and as deputy secretary of the Tianjin Municipal CPC Committee after 1984 and both as mayor and as secretary of the municipal party committee after August 1987. He entered the CPC Politburo in November of the same year.

### China's Youngest Mayor

During the five years when Li Ruihuan was mayor, Tianjin saw a fledgling talent displaying his abilities as the youngest mayor in China. He had taken office only at the age of 48.

He began with his sweeping reform of government work and gave priority to the improvement of residential housing and traffic flow within the city. His uncompromising attitude toward the scheduled completion date for any project sounded the alarm for all late or sluggish projects, and for some time his work style was on the lips of people all over the country. He enjoyed exceptional support from the Tianjin residents, particularly for his whole-hearted dedication to doing practical work for the common people. It was during those years that Deng Xiaoping made a special trip to Tianjin, with a view to inspecting the "butterfly" overpass which had by then become nationally famous.

Another pioneering undertaking during Li's term of office was the project of channeling the water of the Luan He into Tianjin, which caused quite a sensation throughout the country at the time. In 1983, millions of people in Tianjin were threatened by a shortage of water for everyday use due to the severe pollution of the Hai He. The central government made the urgent decision to channel the water of the Luan He, hundreds of miles from Tianjin, to bring relief to the distressed area, hence the emergency diversion project. Li Ruihuan personally acted as the chief commander of this project. This was the biggest urban water supply project ever attempted in China, and it was estimated that at least four to five years would be needed to complete it at ordinary speed. The diversion, however, was actually accomplished after merely 16 month's work, thus providing Tianjin with water ahead of time and saving the state a large amount of money. It well deserved to be considered a model for China's key projects. Li Ruihuan's down-to-earth style was once again amply demonstrated in this undertaking.

That very year, Li was elected one of China's 10 prominent figures, displaying his talents for the first time in the political arena.

### Identified With the Civilians

Having a good rapport with the intellectuals is characteristic of Li Ruihuan, and it often seems as if he and intellectuals are brought together by fate. Enlightened, eager to learn, and interested in a wide range of fields, Li gets along well with writers and maintains contact with men of letters like Cao Yu, Liang Bin, and Feng Jicai.

The famous novelist Feng Jicai once said that the most distinctive feature about Li Ruihuan was his "extremely strong sense of equality." As he recalled, Li never criticized anyone to his face and, when he did criticize someone, it would have to be a cadre. Feng added that Li would not allow cadres to "repeat what the book says,"

but he encouraged people to "say something different or even express some differing views."

Whoever has heard Li Ruihuan talk admires his straightforward approach, sonorous voice, clear thoughts, and sense of humor. His vivid and instructive language, coupled with the simplicity and frankness of ordinary people, is particularly appreciated. All this reveals the unique demeanor and charm of this leader from the working class.

Li Ruihuan has always had close ties with the common people, whether as an official or just a civilian himself. While he was in his office in Tianjin, some workers with whom he had worked in the past said to him: "Li Ruihuan, you have gone up in the world! Do you still remember us now that you have become a big shot—our mayor?"

Li Ruihuan patted them on their shoulders with a smile and replied: "You think that being mayor is so good and impressive? Let me tell you a secret: I even do not have time to make the bed after I get up in the morning." This made the workers burst into laughter.

He has stayed the same since he began working in the central government. Not long ago, a production unit made a TV movie, "A Native of Beijing in New York", which later became a great hit. It got bogged down in financial difficulties, because they needed \$1.5 million to make the film on location in the United States, and the relevant department refused their application on the grounds that they had "no guarantee." Deep in despair, the young men in the production unit suddenly thought of Li Ruihuan and wrote to him for help. After receiving the letter, Li got in touch with the department in question and offered to be the guarantee for the production unit. Thus he solved this difficult problem for the young people.

Li Ruihuan has a wide range of interests, including Beijing Opera. He often sets aside a little leisure time from his busy life to see performances. He even maintains very good relations with famous actors and actresses such as Zhang Junqiu, Zhao Yanxia, and Li Weikang. One story that is frequently told among the Beijing Opera performers recounts how Mayor Li organized a special performance for actors from the Zhang school and helped make it a hit not only in Tianjin but throughout the country.

Li is also involved in sports. When he was mayor of Tianjin, he often played table tennis. Those who had played with him said that the mayor was as earnest and scrupulous about the game as he was about his work. Li said: "I play myself into a sweat so that I will feel relaxed and will have more energy for my work." Indeed, Li Ruihuan always looks energetic and vigorous.

In addition to table tennis, Li is interested in soccer. Whenever there is an important match for the Tianjin team, the team players will find him seated on the

platform. Once, upon learning that three players of the Tianjin soccer team had been injured while playing in another city, the mayor immediately sent an urgent telegram to express his concern. During breaks in important matches, Li typically offers advice or makes suggestions to the coaches, earning himself the distinction of the Tianjin soccer team's "voluntary leader."

After he returned to Beijing to work, he took to tennis, which he often plays with Wan Li and other leaders. He never misses any of the senior tennis championships held in Beijing.

#### **Dabbling in Literature, History, and Philosophy**

He was elected member of the Standing Committee of the Politburo and member of the Secretariat of the CPC Central Committee at the Fourth Plenary Session of the 13th CPC Central Committee and was put in charge of ideological work. Many people were "surprised" by this decision. But careful observers would remember that, as early as June 1987, Li made a very unique speech on literature and art entitled "Work in Unison To Bring Prosperity to Literature and Art." It was carried in RENMIN RIBAO and favorably received by the literary and art circles, especially its original argument on "high-brow art and literature," on literature and art theory and practice, and on some other important issues. His speech included such an impressive array of quotations and such penetrating analysis that it even won praise from experts in the field.

Admittedly, Li's learning and training have been ignored by many. Knowing that he lacked education after being promoted from worker status, Li Ruihuan has since devoted himself to diligent study. For several decades he has studied constantly, probing into many subjects. In natural sciences, he has systematically studied mathematics and architecture and in social sciences has focused on philosophy and history. In an interview with reporters, when discussing the subject of history, he cited passages from "Duke Huan of the State of Qi on Power" and "On Fate" to set forth his "position on how to make use of personnel"; he also quoted "On Morality" by Lao Zi and "Master Sun's Art of War" to explain his views on the "dialectics" of historical development.

After he took office in Beijing, Li Ruihuan found time to preside over the compilation of a "Chronicle of Administration in Chinese History," which is yet another manifestation of Li's extraordinary abilities. In the preface to the annals he wrote, "In the course of the almost 5,000 years in the history of China, in which one dynasty succeeded another and class relations have been changing constantly, the Chinese people have, in their refashioning of the world, administration of the country, and improvement of themselves, accumulated a vast amount of spiritual wealth that can be accepted, utilized, and learned by different classes at different times. Apart from the patriotic cultural achievements in martial skills, agriculture, medicine and art, the spirit of literature represented in prose and verse, and the abundance of

wisdom found in idioms and proverbs, our forefathers put forward many beneficent views in their attempts to run the country, stabilize society, cultivate moral character, and make accomplishments. These included the simple dialectics of 'mutual complement by the normal and the abnormal,' the basic doctrine of putting the interests of the people above everything else, which can be seen in the sayings 'the people are all-important' and 'the world is for everyone,' the political aspiration of 'suffering hardship before the populace at large and enjoying comforts after them,' and the spirit of national cohesion of 'loving one's motherland the way one does water and food.' The truth of all of these principles still glitters brilliantly today." Once again, Li's achievement astounded and captivated many people in Beijing.

#### **Upright and Daring by Nature**

Li Ruihuan is a man of honesty and frankness. One day, during the Cultural Revolution, he was beaten so hard that his face was bleeding in an effort to force him to confess. But he kept saying, "I will never admit that I am a member of the sinister gang, even if I am deprived of my party membership, my nationality, the right to be human, or even the right to live on earth."

Ranking among the highest leading officials, Li Ruihuan has retained his style of daring to speak. He demonstrates his straightforward style by freely expressing his likes and dislikes, doing what he thinks is right, and criticizing what he considers wrong.

Recently, he has blown a whiff of fresh air into the united front work of the CPC. At the National United Front Work Conference in November last year, he said that multi-party cooperation and long-term coexistence must "take the survival of the democratic parties as a prerequisite and their growth as the ultimate goal" and he urged that more attention be paid to the living and working conditions of the democratic parties. These remarks were thought to be "quite beyond what is proper," but they were acclaimed by people from various circles.

When he touched on the issue of Hong Kong, the language he used also had distinguishing features. At the NPC and CPPCC meetings held in Beijing this year, he said to the journalists from home and abroad, "We do not want to see the Sino-British negotiations break down, but if they do, it will not be the end of the world. The result would be no more dramatic than if you refused to listen to what we said, and we refused to recognize what you did." His simple and clear characterization of the situation regarding Hong Kong made a great impression on the reporters present.

At CPPCC meetings, Li advocates more exchanges with the outside world. In the past two years, he has visited a number of countries as the head of a Chinese delegation, which has set the precedent of a CPPCC chairman going abroad and which has brought much credit to China's overall diplomacy.



Li Ruihuan is particularly concerned about the style of the party and government. He consistently "opposes any big talk, empty talk ambiguous talk, or talk that does not seem wrong but is of no use" and encourages the "practice of finding practical ways to solve problems with an emphasis on concrete results." He also uses this criteria to test and judge cadres. He repeatedly emphasizes: "To be honest and clean in performing his official duties, a leader of party or government organization must be strict with himself first and then his children, wife, and secretary. Some leaders have brought disgrace and ruin upon themselves just because they did not supervise their wives. Some secretaries have brought discredit upon their leaders because they pursued selfish interests under the flag of those leaders. These are no small matters." Li also said: "When we are elected leaders in a new government, we should treasure our positions, keep our hands clean, and handle affairs impartially. We should not take advantage of our power to bully people. We should be honest officials, not corrupted ones."

Li's parents are still living in a rural area, and his wife is a worker in Beijing (she is now retired). While he was serving his term as mayor of Tianjin, he and his wife lived separately. Li is also very strict with his children. On the second day of his son's wedding ceremony, which took place in the Spring Festival of 1986, he took his son and daughter-in-law back to their old home to pay a New Year call on the elder members of their family. For so many years Li has been an official, but none of his relations have ever "benefited" anything from the association with him. All this has won Li a good reputation among the common people.

#### **Son Says Yang Shangkun 'In Good Health'**

HK0808033094 Hong Kong TA KUNG PAO in Chinese  
8 Aug 94 p 3

[Report: "Yang Shangkun Is Enjoying Life in Retirement, Takes a Walk Every Day, and Is in Good Health"]

[Text] At a photographers' cocktail party on exchanging experiences in photography in Hong Kong yesterday, former Chinese President Yang Shangkun's son Yang Shaoming said that his father is enjoying his retirement at a leisurely pace and is in good health.

Yang Shaoming told reporters at the party that his father takes a walk every day and is in good physical condition. As a photographer, Yang Shaoming also takes pictures of his father during his spare time. Not long ago there were rumors that his father was indisposed, but Yang Shaoming said that he had never heard these rumors and that they are not true.

#### **New Book on Deng Xiaoping Published in Beijing**

##### **Two Volume Book By Deng's 'Comrades'**

OW0608143894 Beijing XINHUA in English 1421  
GMT 6 Aug 94

[Text] Beijing, August 6 (XINHUA)—A new book titled *The Career of Deng Xiaoping—a Great Man and His*

*Century* has been published by the People's Liberation Army Literature and Art Publishing House here.

In two volumes, the work presents Deng Xiaoping's extraordinary experiences, including triumphs and setbacks.

It also includes many little-known historical facts and background details about Deng Xiaoping's experiences.

The book was written in eight chapters according to Deng's revolutionary activities in different historical phases, including his study abroad, his service in the revolutionary army, his struggle in the Taihang mountains, his contributions to the Huaihai battle during the liberation war, as a victim of the cultural revolution and as chief architect of China's reforms.

Most of the chapters were written by Deng's comrades who had worked with him for a long time.

#### **Bo Yibo Writes Title**

OW0608141694 Beijing XINHUA Domestic Service in Chinese 1319 GMT 5 Aug 94

[By reporter Zhou Zhifang (0719 1807 2455) ]

[Text] Beijing, 5 Aug (XINHUA)—Deng Xiaoping's *Career—A Great Man and His Century*—a full-scale book of literary reports depicting the 90 years of Deng Xiaoping—was recently published and distributed by the Jiefangjun Literature and Art Publishing House. Bo Yibo wrote the name for the book.

The book focuses on Deng Xiaoping's activities during his lifetime. Through the numerous and touching deeds cited and from different perspectives the book fully depicts his extraordinary and tortuous revolutionary career and experience. It vividly demonstrates his personality, charisma, courage, resourcefulness, and wisdom, and reveals many little-known historical facts and their detailed backgrounds. It is an important book for understanding and studying the great man's revolutionary career. The book consists of 730,000 characters in two volumes. The contents are grouped into eight chapters in historical order, prominently depicting Comrade Deng Xiaoping's important revolutionary practice and activities during each historical period.

The titles of the eight chapters are: A Newborn Baby Who Sought the Truth at Home and Abroad; The Fire Spreader of the Red Army Period; Political Commissar Deng in Taihang; Secretary of the General Frontline Committee During the Huaihai Battle; The First Secretary Who Liberated Southwest China; The General Secretary Who Was Occupied With a Myriad of State Affairs; A Victim of the "Great Cultural Revolution"; and The Chief Designer of the Great Cause of Reform. Most of the articles of the book were written based on their own experiences by comrades who worked for or fought under Deng Xiaoping. With its genuine and accurate materials, the book has great infecting power.

**Li Peng: Rural Instability 'Becoming Acute'***HK0608065494 Hong Kong CHENG MING in Chinese  
No 202 1 Aug 94 pp 28-29*

[Article by Lu Nung (7120 5693): "Situation of Rural Instability Deteriorates"]

[Text] On 8 June, the State Council held a national telephone conference of party and government leaders of provinces (autonomous regions) and municipalities, at which Li Peng frankly admitted that the CPC faces four major difficulties, among which the second major difficulty is that "the implementation and development of rural policies is unbalanced, and the problem of disturbances and social security in the rural areas is becoming acute."

But he did not elaborate on the degree of acuteness of the problem of disturbances and social security in the rural areas. Those who took part in the telephone conference were the party and government leaders of various provinces and municipalities, and they certainly knew the situation, but everyone kept it to himself.

In order to let our readers have an understanding of this problem, our reporter in Beijing has interviewed some persons who know the story, and has obtained some important information.

**The Major Problems Emerging in the Mainland's Rural Areas At This Time**

On 2 June, the Central Committee for Comprehensive Management of Social Security issued a document entitled "The Current Destabilizing Factors in the Rural Communities and the Problem of Social Security." It was yet another document issued by the committee, which held a plenary session in Beijing on 22 May, further revealing that the political and law-and-order situation in the country's rural areas has deteriorated to the extent of becoming dangerous. The report said: The situation of social disturbance in the rural areas will erupt on a large scale at any time. The report said that the problems existing in and emerging from the rural areas are:

First, 60 percent of the township and village party organizations in the country are in a state of paralysis or semiparalysis, and 30 percent of party organizations have undergone mutation or have already completely mutated.

Second, many of the party's rural policies and measures have not been implemented completely or have not been implemented at all, and local policies have replaced central policies.

Third, township and village cadres are corrupt and degenerated; they illegally list and collect taxes and appropriate money, to the extent that peasants sell, transfer, and abandon their farmlands.

Fourth, most rural areas lag far behind urban areas in terms of living standards, and the gap is widening; there are 350 million peasants who live below the poverty line, and 200 million surplus rural laborers who have no jobs.

Fifth, irrigation facilities in the rural areas have not been repaired; farmlands have been occupied illegally; and the prices of pesticides, fertilizers, and farm machinery have increased.

Sixth, the purchase prices for grain, cotton, oil, pigs, and cows have been pushed down artificially, IOUs have been issued, and goods instead of money have been given as payment in a compulsory fashion, causing strong grievances among peasants.

**Disturbances Are Frequent**

The report revealed that in 1993, the country's rural areas saw 1,675,000 cases, among which 6,230 were cases of disturbances. Among those cases, 830 involved more than one township and 500 people; 78 were peasant gatherings and disturbances that involved several townships or counties and 1,000 people; and 21 were major cases of disturbances involving 5,000 people. Regarding the scale of disturbances, the serious cases involved burning of county and township government buildings, and looting and breaking into such county and township government organs as public security organs, banks, and supply and marketing cooperatives. This resulted in injury or death for 8,200 county and township government personnel and peasants, as well as economic losses amounting to 200 million yuan. For the year as a whole, there were over 560 cases of breaking into county-level party and government offices, as well as public security and judicial organs. Armed Police, public security police, and local garrison units were sent to quell and resolve more than 340 cases of disturbances, which resulted in injury or death for 2,400 Armed Police officers, public security personnel, and garrison soldiers, among whom 385 died.

The report also revealed that from January to April 1994, rural areas throughout the country saw 720,000 cases, of which more than 2,300 were cases of disturbances, and among which over 370 involved more than one township and 500 people, 22 involved 1,000 people, and nine were major cases involving 5,000 people. These incidents caused injury or death to nearly 5,000 county and township government personnel, as well as peasants.

The report revealed that in some villages, peasants have spontaneously founded organizations of various types, including religious or armed organizations, to replace the party and government organizations in the townships and villages. They have established township and village systems and taxation systems on their own.

**The CPC Divides Today's Rural Areas Into Four Types**

At the 22 May meeting, the Central Committee for Comprehensive Management of Social Security divided rural areas in the country's provinces (autonomous

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regions) and municipalities into four types: First—stable, with fairly good development; second—relatively stable, with relatively normal development; third—not stable enough, with more problems; and fourth—unstable, with relatively serious problems. Three criteria were used to make the assessment: First, whether township and village party and government organizations are normal and sound; second, the situation of implementation and enforcement of the party's rural policies and measures; and third, development of townships and villages and the situation of law and order.

Among those listed as the third type (not stable enough, with more problems) are Guangdong, Fujian, Guangxi, Sichuan, Ningxia, Shanxi, Heilongjiang, Inner Mongolia, and Yunnan.

Among those listed as the fourth type (unstable, with relatively serious problems) are Henan, Guizhou, Jiangxi, Qinghai, Hunan, Shaanxi, Liaoning, and Xinjiang.

#### **The CPC Wants To Strengthen Management of Rural Areas**

The CPC Central Committee is preparing to take three measures simultaneously to tackle the rural areas, including: First, to rectify and reorganize township and village party and government organizations batch by batch and phase by phase, and to transfer cadres to beef up the leadership levels of township and village party and government organizations; second, to arrange another round of work to rectify law and order and to crack down on criminals and the newly emerging village hooligans and illegal organizations and their backbone elements; and third, to thoroughly implement and inspect the policies and measures toward the rural areas and to increase peasants' income.

In fact, this "rectification" by "three measures simultaneously" is a method resembling the old method of launching a movement. Although Deng Xiaoping has announced that there will be no more movements, owing to habits formed over the years, the CPC, faced with today's condition in the rural areas, cannot but launch a movement that is not called a movement. This kind of rectification is not very different from the "four rectifications" [si qing 0934 3237] of the past because in the mind of some CPC members, the theoretical basis of "class struggle gets things done" still exists. However, even if the measures really are implemented, those who really benefit probably will not be the peasants, but people like Wang Qiushe—a role in the movie "Lotus Town." In the movie, he hit the gong and shouted: "Class struggle, cultural revolution, come every five or six years!" He has become impatient with waiting. Unfortunately, what he has waited for may really arrive.

#### **Chief Architect Regrets, But Too Late**

The CPC has said repeatedly: A serious problem of China's revolution is the problem of peasants. When the

CPC tried to seize power, it relied mainly on the peasants, used rural areas as bases, and surrounded the cities with rural areas. It then was able to seize power, but once in power, it did not properly solve the problem of the peasants. Time and again it has resorted to the method of launching movements—sending work teams, purging cadres, and purging peasants—in an attempt to solve the rural problem. Facts prove that no matter how many "principles" are announced or how many movements are launched, they can settle the problem for only a short time, but cannot solve the basic problem. The reforms in the Deng Xiaoping's era also started from the rural areas: The peasants in Anhui's Fengyang County were the first to secretly practice the contracting system, which later was promoted in rural areas across the country, and spread to cities. When we look at the situation today, however, and particularly after looking at the above-mentioned reports in this article, it is not difficult to see that the CPC's rural work once again has failed completely.

The chief architect has always been complacent with the "success" of his rural reform. Now that he is very senile and has illnesses, perhaps he will realize, on seeing the country's rural areas degenerate into such a state, that in China, no matter whether in urban or rural areas, economic reform without political reform is unworkable. Even if peasants have more economic freedoms and can work on responsibility-related farmlands, the township party secretaries, township governors, village party branch secretaries, and village heads can change into township hooligans or village ruffians, and so the broad masses of peasants still cannot cast off poverty and still have to live below the poverty line. Meanwhile, they have to suffer from oppression and exploitation by party and government cadres, and taste double bitterness. May I ask the chief architect: Did you think of this at that time and why did you not carry out political reform?

#### **Commentary Views Causes, Remedies for Labor Disputes**

OW0708071894 Beijing XINHUA Domestic Service in Chinese 1153 GMT 5 Aug 94

[By XINHUA reporter Fu Gang (0265 0474): "Weekend Economic Commentary: The Problem of Labor Disputes Cannot Be Ignored"]

[Text] Beijing, 5 Aug (XINHUA)—The development of an ownership structure with the publicly owned economic sector constituting the mainstay, while various other economic sectors develop side by side, and a distribution pattern with the principle of "to each according to his work" as the main form and supplemented by other forms of distribution have taken shape today, labor relations have become more complex, thereby bringing about more and more labor disputes. How to handle such disputes in a timely and proper manner has become a major issue having a vital bearing on social stability and the smooth progress of reform and opening up.



According to statistics, Chinese mediation organizations accepted a total of 12,000 labor dispute cases last year, up 50 percent from 1992; and in the first quarter of this year, the figure increased 66 percent as compared with the same period last year. Such a rising trend reflects an unavoidable phenomenon in the course of establishing a market economy.

Today's labor disputes mainly involve working hours, labor discipline, wages, safety, sanitation, unemployment, and old-age pension. In recent years, extended working hours, reduction of wages, failure to provide necessary labor protection, and insults and corporal punishment against workers have often occurred in some enterprises, especially nonpublicly owned enterprises, infringing on workers' legitimate rights and interests and undermining stable labor relations. Following are some examples:

Working overtime, which is harmful to workers' health, is quite prevalent, and is most conspicuous in wholly or partially foreign-funded and privately run enterprises. Of the some 200 enterprises processing and assembling materials supplied by foreign firms and engaging in compensatory trade in the Shekou Industrial Zone in Shenzhen, the overwhelming majority make their employees work overtime. Workers in privately run enterprises in Dalian work more than 13 hours daily on average, and some privately run enterprises closed workshop gates to force workers to work overtime.

Wages in arrears and the reduction of wages are the most common causes of labor disputes. Last year the Teqiang Leather Tools and Products Company in Guangdong's Maoming paid workers their July wages in September, while their October wages were not paid even in December. The company also penalized its workers by reducing their wages and withholding a total of 5,500 yuan from 200 workers within a period of three months.

In the absence of labor protection, workers' living facilities are simple and crude. Some wholly or partially foreign-funded enterprises are not equipped with mess halls and dormitories, making their workers' lives very inconvenient. A processing factory in Shenzhen has a dormitory made of iron-sheet automobile-type houses, with each house covering 15 square meters and housing 16 workers. Poor ventilation has caused the temperature inside the houses to rise as high as 40 degree Celsius in the summer.

Poor working conditions hamper production safety. Workers of some privately run enterprises—such as plastics plant mixers, spray painters, and printers, who have to deal with hazardous gases everyday—receive neither protection gear nor health care allowances. In some plants where machinery is installed too closely, accidents involving injury and death are prone to occur as workers work back to back or shoulder to shoulder and, moreover, as newly recruited workers take up jobs without going through any training.

Harsh rules and regulations infringe on workers' personal rights. The Teqiang Leather Tools and Products in Guangdong's Maoming supervised its workers with a coercive labor method: During work hours, women workers were locked up in workshops and had to ask for a "toilet card" in order to use the restroom; after work, they could not leave workshops until after managerial personnel searched their bodies. The company has been punished by the relevant department for these illicit practices.

In view of the aforesaid practices, the "PRC Labor Law" was promulgated recently to regulate employers' behavior. For example, they must provide safe and sanitary facilities that are up to state standards for workers; they must strictly implement the state labor safety and sanitation regulations; and they must exercise special labor protection for women and minor laborers. Meanwhile, the law requires employers to create conditions for setting up collective welfare undertakings to improve workers' benefits.

Moreover, the labor law also stipulates workers' rights, including the right to sign labor contracts with employers on a voluntary basis and under equal terms; the right to cancel labor contracts; the right to negotiate with employers through trade unions and workers' representatives and to sign collective labor contracts on matters related to labor remuneration, working hours, off-days and vacations, labor safety, and insurance and welfare; the right to request arbitration in the event of labor disputes with employers; and so on and so forth.

Labor experts believe that after the promulgation of the labor law, incidents of aggravating labor contradictions caused by failure to promptly handle labor disputes will decrease, while labor disputes requiring mediation and arbitration or even lawsuits will increase because both enterprises and workers now have the basis to make an argument, thus eliminating many hidden perils for social instability. Of course, labor departments and law enforcement organs should inspect the enforcement of the labor law on a regular basis and should correct and punish violations of the law in a resolute and timely manner.

### State-Owned Companies Lose Appeal for Job Seekers

HK0608054394 Hong Kong SOUTH CHINA  
MORNING POST in English 6 Aug 94 p 8

[By Zhang Yuan]

[Text] State-owned companies are losing their appeal among job-seekers while private enterprises in rural areas have lured a massive exodus of urban workers, according to some mainland surveys. In the past, state enterprises were known as the "iron rice bowls" for Chinese workers, offering them lifelong employment and other unrivalled benefits. The reversing trend can be attributed to the fact that many private enterprises now

offer competitive wages and better opportunities for career advancement. Polls conducted in Guangzhou and Beijing recently showed both urban workers and graduates from universities and colleges now preferred to work for private companies instead of the state giants.

In Beijing, most of the graduates surveyed said they preferred working in rural enterprises because they could have a brighter future and better pay. In Guangzhou, some 20,000 female workers, chosen randomly in the survey, said the "iron bowls" could no longer offer them higher salaries, better working environment and benefits, as many private enterprises did.

Reports said many underpaid workers in the cities had abandoned their iron bowls and joined the privately run factories in the villages. In Shanghai, a worker in a private company can reportedly earn a monthly salary of up to 700 yuan (HK\$623), similar to the wages offered by the state enterprises.

#### **Police Detain Worker; Claims of Chrysler 'Complicity'**

HK0808061094 Hong Kong EASTERN EXPRESS in English 8 Aug 94 p 8

[Bruce Gilley]

[Text] Police are believed to have detained a Christian worker at an American car plant in Beijing for the second time, prompting claims of company complicity by U.S. human rights groups.

Gao Feng, 26, picked up in May for publicly praying for those killed in the Tiananmen Square massacre of 1989, was suspended by Beijing Jeep after his release in early July because he failed to ask for leave while in detention. Friends said he was summoned by police for further questioning on July 25 and had not been seen since.

"He has not been at prayer meetings and none of his former colleagues at the company have had any contact with him. We can only assume he has been detained again," a member of the Beijing Christian Sacred Love Fellowship said yesterday.

Gao was one of seven persecuted Christians mentioned in an open letter released last Monday by the unofficial fellowship, which called for prayer and support for those in China imprisoned or harassed for struggling for freedom and democracy. A spokesman from the office of the Beijing Jeep president, Franc Krebs, declined at the weekend to comment on reports of Gao's detention.

"We have nothing to say about that. Mr Krebs is too busy with a board meeting for the next few days," he said.

Outraged by Chrysler's silence on Gao's case, a leading U.S. human rights group last night released to EASTERN EXPRESS a private letter written to the company, to which it has received no reply.

"The Chrysler Corporation, if these accounts are accurate, is effectively functioning as a partner in the Beijing Public Security Bureau's persecution of its employee based on his religious beliefs," the New York-based Human Rights Watch said in the July 27 letter.

"We urge you to investigate Gao Feng's status and we request a thorough account of Chrysler's position on this case," the letter to the chairman and chief executive, Robert Eaton, said.

The incident is seen as a test of the theory that commerce promotes human rights, which corporate America applied with gusto to win renewal of trade benefits for China in May.

"Here we have an example where a U.S. company is at worst a complicit partner in the repression of human rights and at best indifferent to the persecution of their own employee simply for his religious beliefs," said a Human Rights Watch lawyer, Richard Dicker.

"If this is a test case, then the result is a stunning failure," he said.

A Chrysler spokesman said in July police had denied Gao was in detention during the month he missed work. If it was confirmed he was in detention, "he would be brought back immediately", the spokesman, Tony Cervone, said.

Sources in Washington say that a Chrysler representative will join a high-level U.S. business mission to China this month, led by the Secretary of Commerce, Ronald Brown.

"Chrysler is desperate to get their minivan plant started in China," the source said.

Human Rights Watch has requested to hold a pre-mission meeting with Brown, who will be the first U.S. cabinet member to visit Beijing since the Most Favoured Nation decision.

Gao's status is one of several "serious issues" which the group has demanded Brown raise during the mission.

It has also demanded the mission take steps to establish a voluntary code of corporate conduct for U.S. firms in China, which U.S. President Clinton pledged to do when he announced the MFN decision.

Last week, the undersecretary of commerce for international trade, Jeffrey Garten, promised Brown would raise human rights issues, including "the positive role that American firms can and do play in building a just society in China".

#### **Eight Sentenced on Charges of Counterfeiting Trademarks**

OW0608102294 Beijing XINHUA Domestic Service in Chinese 0247 GMT 6 Aug 94

[By reporter Li Zhenghua (2621 2973 5478)]



[Text] Shanghai, 6 Aug (XINHUA)—Shanghai recently held public trials of some counterfeit trademark cases, in which they meted out punishment to eight criminals.

The eight criminals were involved in five cases. Their common offense was imitating trademarks registered by others, and openly producing and selling fake products under those trademarks in an attempt to reap staggering profits. They seriously hurt relevant enterprises' interests, and harmed users and consumers. Li Shengchun, an unemployed person in Yuhuan county, Zhejiang Province, and two other criminals assembled 10 diesel engines with discarded and defective parts, which they sold in Shanghai and other areas using, without authorization, the "Dongfeng" diesel engine brand registered by the Shanghai Diesel Engine Works. They made more than 400,000 yuan in illegal profits. The Yangpu District People's Court sentenced Li Shengchun to four years in prison and fined him 30,000 yuan on charges of counterfeiting registered trademarks. The other two criminals in the case also received appropriate punishment.

Two factory directors were arrested today because they had deliberately violated the law. Jiang Zhijiang, former director of the Zhuji Sedan Muffler Factory in Zhejiang Province, in collusion with Yang Xuechun, chief of the factory's sales division, imitated the Santana sedan muffler produced by the Shanghai Volkswagen Automotive Ltd., Company. Making unauthorized use of trademarks identical or similar to the one registered by the Shanghai Volkswagen Automotive Ltd., Company in China, they illegally sold the mufflers, which had been judged as substandard during inspections, in Shanghai and Beijing, making more than 1.5 million yuan in profits. Shen Peizhong, former director of the Shanghai Xinhui Flashlight Factory, bought large quantities of flashlight bulbs from Jiangxi and Jiangsu, and sold them under the "Swan" trademark registered by the Shanghai Zhongqing Company to hardware and mineral products export and import companies in Shanghai, earning more than 800,000 yuan illegally. The Fengxian County and Putuo District People's Courts today sentenced Jiang and Shen to six and a half years and three and a half years, respectively, on charges of counterfeiting registered trademarks. The courts also fined them 30,000 yuan and 3,000 yuan, respectively.

A batch of fake products worth 5 million yuan rendered as useless were publicly destroyed in Shanghai today. They included fake cigarettes and substandard medicines, food, and small electrical appliances.

#### **Report on Intellectual Property Rights Protection**

*OW0608023394 Beijing China Radio International in English to Western North America 0400 GMT 5 Aug 94*

[From the "Focus" program]

[Text] Not long ago, the Chinese Government issued a statement saying China considers the protection of intellectual property an important part of its policy of reform

and opening to the outside world and of the building of a socialist legal system. In recent years, China has worked to punish copyright violators; laws and regulations have been adopted successively by Chinese legislators and executive bodies to safeguard intellectual property rights and to combat piracy and counterfeits. However, there is still a long way to go before China can claim high efficiency in protecting intellectual property rights. Complaints from the audiovisual circles indicate that a great deal of work should be done to bring the audiovisual market in order.

The song [name indistinct] was first shown on [word indistinct] TV at the beginning of this year. The melody made a big hit overnight. But, even when the original tape was in the studio, hundreds of illegal copies were already on sale. Rough figures show that the numbers of cassette tapes, videotapes, and discs and CD's of the song in circulation is over 1 million, 10 times more than what the publisher has distributed. And, the pirated copies are poor quality. The song [name indistinct] is not alone. (Fei Chuwan), a famous Chinese composer, said he often sees [name indistinct] music on sale. He said: I toured the audiovisual market recently and saw no less than 80 kinds of counterfeits. Local quality gives me a headache. [Words indistinct] money to be made for [words indistinct] counterfeits, but only by those making the fakes. And, these copycats have no concern for the money lost by the writers and for the damages they deal to the culture market. China has issued the Copyright Law, which every Chinese citizen has duty to abide by.

(Fu Laijun), deputy director of Copyright Department of the National Copyright Bureau, explained how copyright infringers will be punished. He said: According to the Chinese Copyright Law, any person who infringes on copyright will be fined, and all his illegal income will be confiscated. At the same time, he also may be fined for up to five times the wholesale price of his copied products.

The regulations have already been approved, but the public's approval of the [words indistinct] is disturbing to the government. Many think the copied tapes can [words indistinct] than the real ones, and they are cheaper. Some say, when choosing tapes, the first consideration is their favorite songs, and as whether they are real or not, who cares?

(Weng Huapeng), the head of the Copyright Department of the National Copyright Bureau, said he was concerned about that attitude. He said: People do not know that law will help the market. They only know that the counterfeits are cheap. In fact, copying activities are destroying the publishers' ability to produce quality works.

Recently, a nationwide campaign has been launched to crack down on porno centers. Thousands of fake tapes were confiscated, and sellers were fined.

(Liu Dewei), director of the Beijing Copyright Bureau, explained what message her office is trying to send to the

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public. She said: We want to punish the owners and dealers and educate the people; we want people to know that only the copyright holders are authorized to make copies of books, films, and music tapes, and other actions will be regarded as violations of the law. We will keep up the pressure until progress is made. People are starting to realize that copying is the same as stealing.

But (Zhong Chengshi), a researcher at the Law Researching Institute of the China Academy of Social Sciences, still thinks that it is necessary to strengthen punishment to make sure that people get the message. He said: We should take further actions to protect the stability and prosperity of the culture market and protect copyright holders' interests in China. We also have to make sure that we are abiding by international treaties.

On 5 July, the National People's Congress made penalty for copyright violators even tougher. Violators now face prison sentence as well as a fine. Over the past several weeks, China has closed down four assembly lines for manufacturing fake tapes. The government is making all-out efforts to make sure that intellectual property laws are enforced.

#### **Anticorruption Investigation Group Inspects Jilin**

SK0808045494 Changchun JILIN RIBAO in Chinese  
20 Jul 94 pp 1, 6

[By reporter Liu Li (0491 0500): "Unceasingly Deepen the Three Anticorruption Tasks"]

[Excerpts] On 5-19 July, the central investigation group came to our province to inspect the provincial situation in carrying out anticorruption struggle during the previous stage and to supervise, inspect, investigate, and study the situation of leading cadres in keeping themselves clean and self-disciplined and in conducting self-investigation and correction, handling major and appalling economic crimes, checking unhealthy trends in various trades, and conducting special rectification campaign. On the morning of 19 July, the central investigation group exchanged views with leaders of the provincial party committee and pointed out: The party committees and discipline inspection commissions at all levels in Jilin Province have paid great attention to the three anticorruption tasks, strengthened leadership, acted in line with reality, concentrated on key points, did lots of solid and effective work, and achieved expected results. They have made noticeable achievements and accumulated some experience. [passage omitted]

During its stay in our province, the central investigation group listened to briefings given by He Zhukang, secretary of the provincial party committee, on Jilin Province's situation in carrying out three anticorruption tasks; listened to briefings by the provincial and city (prefectural) discipline inspection commissions, the procuratorates, and courts on their situations in investigating and handling cases; and listened to the opinions and suggestions of some former provincial-level retired

veteran comrades and responsible persons of provincial-level democratic parties on our province's anticorruption work. The investigation group also investigated Changchun, Jilin, Yanji, and Gongzhuling cities, and held a forum with responsible comrades of departments concerned.

He Zhukang, Gao Yan, Liu Xilin, Su Rong, and Feng Ximing, and leaders of the provincial discipline inspection commission participated in the morning's meeting to exchange views.

The central investigation group held that the current situation of Jilin Province is good in general. It has accelerated the pace in reform and opening up and witnessed economic development and social stability, and the mental outlook of the masses of cadres is fairly good. Although some difficulties and problems have existed in some aspects, Jilin Province has persisted in taking a two-handed approach in work and achieved new success in building material and spiritual civilizations. The Jilin Provincial party committee and the party committees at all levels have ideologically stressed the three anticorruption tasks, grasped this work conscientiously, and adopted practical and effective measures. The provincial party committee has paid attention to strengthening leadership over the three anticorruption tasks, gained new experience in taking stopgap and radical measures and handling major and appalling cases, and conducted some successful exploration in formulating work methods. At present, this work is being carried out deeply.

On the self-disciplined, self-investigation, and self-correction work of leading cadres, the central investigation group pointed out that members of the Jilin Provincial leading bodies had seriously and conscientiously implemented the central stipulations. Cadres at all levels across the province have conscientiously made comparisons and conducted examinations in line with the central stipulations. All levels and all localities have straightened out and handled all the problems discovered and further improved the mechanisms of supervision and restraints. As reflected by the masses, this move has played a role in supervising cadres at and above the section level and reducing dishonesty. Judging from the existing problems, first, some leading cadres failed to have sufficient confidence in anticorruption struggle; second, they lacked supervision and inspection; third, the quality of democratic party life activities of some units was not high; and fourth, dishonesty still existed at varying degrees.

On the handling of major and appalling economic crimes, the central investigation group pointed out: Judging from the situation of the whole province, great progress has been made in this work. First of all, this province has strengthened propaganda on anticorruption struggle, and the masses have cared for this struggle and actively reported and exposed crimes; second, the discipline inspection, supervision, and judicial departments at all levels have strengthened efforts in enforcing

laws and seriously handled a number of major and appalling cases. The existing problems showed that, first, anticorruption work was not even in some localities and departments; second, the party and government leaders of some localities assumed an ambiguous attitude and local protectionism was still practiced to a certain degree; third, some leaders failed to straighten their backs when they encountered resistance in handling cases and to have sufficient courage in enforcing laws justly.

On checking unhealthy trends in various trades and conducting a special campaign to check corruption, the central investigation group pointed out: Jilin Province has grasped this work quite early and achieved fairly good results. This year it has concentrated efforts on grasping four problems, namely, the arbitrary collection of unwarranted fees, foreign visits or visits outside the territory with public funds, party and government organs doing business or running enterprises, and buying high-grade small cars by violating discipline. It has adopted effective measures, and achieved fairly noticeable results. [passage omitted]

Comrade He Zhukang gave a speech at the meeting. He said: The central investigation group has intensively carried out this work and comprehensively and objectively analyzed our province's three anticorruption tasks. Its affirmation of our achievements is actually an encouragement for us, and the problems and suggestions it proposed will play a role in promoting our work in the days to come. We should do a good job in studying these achievements and conscientiously implement them in our work. We have the confidence and determination to carry out this anticorruption struggle in a deep and sustained manner under the leadership of the party Central Committee.

### **Circular on Party Work in Shareholding Enterprises**

OW0708081194 Beijing XINHUA Domestic Service in Chinese 1257 GMT 5 Aug 94

[Text] Beijing, 5 Aug (XINHUA)—The CPC Central Committee Organization Department recently issued a circular to urge earnest efforts to strengthen party work in shareholding enterprises with public ownership as the principal component.

The circular was issued on the basis of investigation and study conducted in some provinces and cities by the CPC Central Committee Organization Department, and the repeated solicitation of opinions from grass-roots units and the relevant central departments.

The circular said emphatically: We must adhere to the party's basic line and work according to relevant stipulations and demands of the party Central Committee and State Council in our experimentation with the shareholding system. Not only must we boldly draw on the advanced experiences of countries around the world

that reflect the pattern of modern socialized production, we must also inherit and carry forward our own superiorities, strengthen party leadership and party work in shareholding enterprises, and fully enhance the roles of party organizations as fighting bastions and the exemplary vanguard roles of Communist Party members, so as to invigorate enterprises and develop the socialist market economy.

The circular pointed out: A party grass-roots organization in a shareholding enterprise is a political core, functions as one, and centers its work around production and operation. These are its main tasks: 1) It implements the party's basic line, and ensures and supervises the implementation of party and state principles and policies. 2) It provides opinions and suggestions, and participates in policy-making on such major issues in an enterprise as production, operation, technical exploitation, administration, and personnel management. 3) It promotes ideological and organizational construction and a fine style of work in party organizations, and fully enhances the functions of a grass-roots party organization as a fighting bastion and the exemplary vanguard roles of a Communist Party member in the reform and development of enterprises. 4) It exercises leadership in ideological and political work and in building spiritual civilization in enterprises, and cultivates workers and staff members who have lofty ideals, moral integrity, knowledge, and sense of discipline—workers who are needed in a modern enterprise system and in developing enterprises. 5) It supports the legitimate exercise of powers by shareholders' meetings (shareholders' general meetings), boards of directors, boards of supervisors, and managers (general managers); exercises leadership in such mass organizations as workers congresses, trade unions, and Communist Youth Leagues; and harmonizes relations between different sections of an enterprise, to guide, preserve, and arouse the enthusiasm of all quarters in order to improve the enterprise with one heart and one mind.

The circular pointed out: We must adhere to the principle of having ranks of cadres that are "more revolutionary, younger in average age, better educated, and professionally more competent" and have ability and political integrity when we assign people to the leading body of a party organization in a shareholding enterprise. A principal member should generally have the quality to fare well in both party and economic work. When appropriate, a responsible person of a party organization may concurrently serve as a responsible person of the board of directors or supervisors, manager, or assistant manager. A qualified person may concurrently hold the positions of party committee secretary and chairman of a board of directors, or the positions of party committee secretary and general manager. The position of a full-time party committee deputy secretary should be created in a larger enterprise where there is a larger number of workers, staff members, and party members. Where the position of party committee secretary is created separately from the positions of chairman



of a board of directors and general manager, the chairman of a board of directors or the general manager who has the qualifications may concurrently serve as party committee deputy secretary. When a party committee member wants to sit on the board of directors or supervisors, or a member of the board of directors or supervisors, manager, or assistant manager wants to join the leading body of a party committee, the matter should be handled in strict accordance with the "CPC Constitution," the "Company Law of the PRC," and other relevant provisions.

The circular urged: Both the establishment and readjustment of party organizations should be taken into consideration and arranged simultaneously when one sets up a shareholding enterprise. When conditions permit, a party grass-roots committee, main party branch committee, and party branch committee should be promptly set up. Shareholders' meetings, the board of directors, board of supervisors, party committee, workers' congress, trade union, and other organizations in a shareholding enterprise cannot be replaced by each other, but their relevant responsible persons may hold concurrent positions among them when appropriate. A party organization should enthusiastically support activities conducted by other organizations according to their respective rules and relevant provisions; it should take the initiative to harmonize relations between different sections of an enterprise; and it should rally together the strengths of all quarters through vigorous ideological and political work and thorough and detailed mass work to promote close coordination so that joint efforts could be made to reform and develop enterprises.

The circular said emphatically: A party organization in a shareholding enterprise should earnestly improve its work methods and modes of activities based on such features as the composition of assets, system of leadership, operating mechanism, and employment and allocation system in an enterprise. It should seriously discuss and study major issues concerning the enterprise's production and operation, and submit its opinions and suggestions to the board of directors or manager; it should not make policy decisions or give instructions directly. We should combine efforts to strengthen the party's ideological and political work with efforts to cultivate the spirit of enterprises, promote culture in enterprises, and solve practical issues faced by workers and staff members. We should focus on the central issue of production and operation and revolve around reform and development of enterprises to enthusiastically and on our own accord conduct party activities within the scope of relevant state laws and regulations on shareholding enterprises.

#### **Daya Bay Discounts Need for Independent Safety Body**

HK0608055994 Hong Kong EASTERN EXPRESS in English 6 Aug 94 p 4

[By Tad Stoner and Bruce Gilley]

[Text] The operator of the Daya Bay nuclear plant yesterday rejected calls for an independent safety monitor, saying present checks were sufficient. The claim was reiterated in a statement from safety and operational staff at Daya Bay, which was issued to Eastern Express last night after being withheld for two days.

Dominic Tai, the China Light and Power public relations manager, said that the multitude of safety checks at the plant made it unnecessary to install an independent quality control group. A former senior employee of the plant said last week that a 30 to 40-member group, independent of Daya Bay's operations department, should be established to control lax safety management. "A lot of people say we should (have an independent group), but I see a contradiction there," Tai said. "You have Electricite de France (EdF), who planned, designed and built the plant; you have the management, which has ultimate responsibility; you have a safety body under that; you have the International Atomic Energy Agency and you have the Safety Advisory Committee. You also have (international contractors and consultants) Bechtel on contract to provide safety assurance expertise. I'm not sure how many (more) you want."

The former senior manager, sacked after a labour dispute earlier this year, last week accused Daya Bay management of flawed safety practices, saying faulty pumps went undetected, a backlog of 1,500 repairs had been allowed to accumulate and that controls were loose. Tai said the allegations were based on the construction period at the plant and were no longer relevant. "It's all in the past. All this (safety monitoring) has now been added on. EdF makes sure everything is complied with." He said the accumulated repair orders were part of a rolling works programme. "At any one time you have work orders. They are self-generating. You complete them, they generate new ones," he said.

In the statement, Daya Bay managers disputed the claim of 1,500 work orders. "There were never any instances when the cumulation of work items was near the number of 1,500," they said. The sacked employee's allegations about the work orders focused on the failure of plant managers to grade them according to urgency. "None of the work items were significant from a safety standpoint. None of them affect availability of safety systems," the managers said.

It confirmed the sacked employee's claim of a previously unreported problem discovered in key reactor cooling pumps shortly before the first startup last year. "Problems with pumps were identified in July 1993. Steps were immediately taken and the pumps were requalified and the safety of the system assured," they said.

#### **Interim Rules on Foreign Exchange Payments**

OW0708093594 Beijing XINHUA Domestic Service in Chinese 1106 GMT 5 Aug 94

[Text] Beijing, 5 Aug (XINHUA)—Interim Procedures for Verifying and Writing Off Foreign Exchange Payments for Imports (Promulgated by the State Foreign Exchange Administration on 11 July 1994)

Article 1. These procedures are formulated to strengthen supervision and administration of payments of foreign exchange for imports and to stop the drain on foreign exchange.

Article 2. Companies and enterprises of various kinds (including foreign ventures) and undertakings approved by the Ministry of Foreign Trade and Economic Cooperation or departments authorized by the ministry to operate import businesses (hereinafter called import units) must follow these procedures for verifying and writing off foreign exchange payments when they import commodities from outside mainland China (including related patent rights, nonpatent technologies, and valuable samples) and use foreign exchange to make payments to exporters outside Mainland China for commodities, earnest money, remnant fees, and incidental charges or fees for patent rights and technologies related to the imported commodities.

Article 3. Import units's payment of foreign exchange for letters of credit and collection [tuo shou 2094 2392] shall be verified and written off by designated foreign exchange banks simultaneously when handling exchange settlement. Designated foreign exchange banks should verify and write off advance payment of foreign exchange for imports [yu fu dai kuan xiang xia di jin kou fu hui 7315 0102 6313 2949 7309 0007 4104 6651 0656 0102 0565] item-by-item according to the stipulations of these procedures.

Article 4. The State Foreign Exchange Administration issues "slips for verifying and writing off payments of foreign exchange for imports" to import units through designated foreign exchange banks and is in charge of control, inspection, and supervision of the work of verifying and writing off payments of foreign exchange for imports. The specific procedures for verifying and writing off payments of foreign exchange for imports shall be handled by designated foreign exchange banks.

Article 5. The "slips for verifying and writing off payments of foreign exchange for imports" are produced under the supervision of the State Foreign Exchange Administration, issued by designated foreign exchange banks and filled by import units. They are effective evidence records for payment, verification, and writing off of foreign exchange by designated foreign exchange banks.

Article 6. When making advance payments of foreign exchange for import units, the designated foreign exchange banks should examine the slips for verifying and writing off payments of foreign exchange for imports and make sure that they are in accord with the effective evidence record or documents approved by foreign exchange administrative departments. The designated foreign exchange banks should affix a bank seal on the "date of payment column" of the slip for verifying and writing off payments of foreign exchange for imports.

Article 7. The designated foreign exchange banks, after making an advance payment of foreign exchange for

import units, should retain the first copy of the slip for verifying and writing off of foreign exchange for future checks and give the second copy of the slip to the import unit for verifying and writing off such payment.

Article 8. When import units have shipped commodities listed in the advance payment sheet into the country within the period stipulated in the contract, the customs should affix an inspection seal on the bill of entry and return the document to import units for verification and writing off.

Article 9. The import units should, within one month after customs clearance, bring slips for verifying and writing off payment of foreign exchange for imports, import contracts, bills of entry, and vouchers to designated foreign exchange banks to complete the procedures to verify and write off payment of foreign exchange for imports.

Article 10. The designated foreign exchange banks, after checking documents against their retained copies of slips for verifying and writing off payment of foreign exchange for imports and confirming that there are no discrepancies, shall confirm the verification and writing off of foreign exchange payments, affix their verification seals on slips for verifying and writing off payment of foreign exchange for imports, and return the slips to import units.

Article 11. After the payment of foreign exchange, if contracts cannot be fulfilled, the import units should promptly transfer the amount of foreign exchange to the country and bring exchange settlement receipts or letters of collection notice [shou zhang tong zhi 2392 1600 6639 4249] and slips for verifying and writing off payments of foreign exchange for imports to designated foreign exchange banks for the cancellation of foreign exchange settlement.

Article 12. After the payment of foreign exchange, if part of import commodities are accepted and part of the import commodities are returned, the import units should transfer the remaining amount of foreign exchange to the country. The import units should bring exchange settlement receipts or letters of collection notice, slips for verifying and writing off payments of foreign exchange for imports, bills of entry, import contracts, and vouchers to designated foreign exchange banks for cancellation of foreign exchange settlement.

Article 13. If import units entrust their agents to handle import procedures, their agents shall complete the work of verifying and writing off payments of foreign exchange for imports in accordance with these procedures.

Article 14. The designated foreign exchange banks should submit a statistical report on verifying and writing off payments (form attached) [form not transmitted by XINHUA] and related information to foreign exchange administrative departments monthly.

Article 15. The designated foreign exchange banks should, after making advance payment, follow up the verification procedures according to the date of arrival of commodities as listed in slips for verifying and writing off payments of foreign exchange for imports. Import units which cannot complete the verification procedures due to proper reasons should submit a written report on the reasons for the delay to the designated foreign exchange banks. The designated foreign exchange banks should promptly urge import units which do not complete the verification procedures within the specified period without proper reasons to complete the procedures and report the situation to foreign exchange administrative departments. The foreign exchange administrative department shall issue a warning to the import units, circulate a notice of criticism against the import units, or fine the import units.

Article 16. The designated foreign exchange banks must strictly implement the stipulations of these procedures and must not delay or slacken their efforts in verifying and writing off payments of foreign exchange for imports.

Article 17. The foreign exchange administrative departments shall make nonperiodic spot checks of payments of foreign exchange for letters of credit and collection and make periodic checks of advance payments of foreign exchange for imports.

Article 18. The State Foreign Exchange Administration shall be responsible for the explanation of these procedures.

Article 19. These procedures shall come into force on 1 August 1994.

### **Economic & Agricultural**

#### **State Councillor Li Tieying on Housing Reform**

*OW0508114994 Beijing XINHUA Domestic Service in Chinese 1117 GMT 4 Aug 94*

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 4 Aug (XINHUA)—The State Council Leading Group for Reforming the Housing System recently met to discuss ways to deepen the reform of the urban housing system. The meeting noted that missions to be accomplished in the near future in this area should be: promoting in all sectors the system of accumulating housing construction funds, reforming rental rates, steadily selling publicly owned housing units, and speeding up the pace of building inexpensive but practical housing units. It also noted that a new urban housing system should be initially established by the end of this century so that urban residents will have comparatively comfortable quarters to live in.

The housing system reform is an important part of the economic system reform. Successful reform of the housing system is significant for addressing housing

problems and maintaining social and political stability; for helping state enterprises reduce their burdens, replace their operating mechanisms, and establish a modern business system; for promoting the development of real estate and related businesses; readjusting the economic structure; and bringing about a sustained, rapid, and healthy economic development. China has been exploring ways and means to reform its urban housing system in light of the overall plan for reforming the housing system—a plan which Comrade Deng Xiaoping set forth in 1980—that publicly owned housing units should be sold, housing rental rates should be readjusted, and individuals should be encouraged to purchase their own living quarters. Substantial headway has been made in housing reform ever since, especially after the second national conference on reforming the urban housing system in October 1991, and a new basic framework for reforming the urban housing system compatible with the socialist market economy was presented during the third national conference on reforming the housing system at the end of 1993. By the end of last year, 104 prefecture-level cities in the country had set up systems of accumulating funds for housing construction; certain cities and units had intensified their efforts in reforming the housing rental rates; and, as a result of pooling financial resources for housing construction as well as cooperative housing construction programs, the pace of replacing unsafe and overcrowded housing units had been accelerated, the living quality of urban residents had improved noticeably, and the concept of housing commercialization had begun to form among urban residents.

Li Tieying, state councillor and minister in charge of the State Commission for Restructuring the Economic System, pointed out at the meeting that housing system reform has an extremely close bearing on enterprise reform, on the establishment of a modern business system, and on building a socialist market system. He said: Reforming the housing system is also part of the work of establishing a new government macroeconomic regulation and control system. Thus, the housing system reform, being an important part of the economic system reform as a whole, must be incorporated with the economic system reform, and the process must be accelerated so that a new, initial urban housing system compatible with the socialist market economic system will have been built by the end of this century.

Li Tieying added: The basic ideas and major policies for speeding up reforming the housing system are: Promoting in all sectors the system of accumulating funds for housing construction; actively reforming rental rates and firmly changing the situation where public housing units' rents are cheap or even free, or public housing is considered as a welfare service. Housing prices should be set rationally, property rights should be clearly defined, and publicly owned housing units should be sold steadily. To institutionalize the housing market, active efforts should be made to explore ways to establish housing transaction markets and providing housing



rental and mortgage services; and housing policies and regulations must be improved as quickly as possible. Loans for purchasing housing units should be available and policies governing housing mortgages should be established. To address problems of unsafe and overcrowded housing units, efforts should be made to build more inexpensive but practical housing units and improve the housing supply system with social security attributes.

### **Finance Minister Says Curbing Inflation 'Primary' Task**

*HK0508151094 Beijing ZHONGGUO XINWEN SHE in Chinese 0948 GMT 2 Aug 94*

[By Liu Hong (0491 4767): "Finance Minister Liu Zhongli Stresses China's Main Economic Task for Second Half Year Is To Halt Inflation"]

[Text] Beijing, 2 Aug (ZHONGGUO TONGXUN SHE)—Liu Zhongli, finance minister and director of the State Administration of Taxation, stressed today that China's primary economic task for the second half of the year is to curb inflation and bring down excessive prices.

At the national financial conference held in Beijing today, Li Zhongli, who is responsible for both taxation and financial matters analyzed the macro economic situation and said that, to fulfill the above task, it is necessary to continue reining in fixed assets investment, reducing the growth rate of consumption funds, and improving major reform measures.

To ensure that the tax reform will be successful and to carry through the plan laid down in the budget, Li set forth the following tasks for the tax departments in the second half of the year:

Properly determining the figure base for refining taxes and arousing the enthusiasm of tax departments for increasing tax revenues;

Setting up branches of tax institutions. This work should be accomplished before mid-August. No disputes arising from dividing up houses and properties, contending for higher ranks, and other trivial matters will be allowed, because this will affect our efforts to increase tax revenues, wherein lies our general interest;

Improving the new tax system, especially the regulations on value-added tax, through practice. We must refrain from repeatedly yielding to the temptation of engaging in irregular economic activities. We must take measures to improve the accounting system for taxpayers who pay a small amount of taxes and of township enterprises so that the value-added tax regulations will apply in a wider range;

Improving administration of proceeds. We must ensure that the goal of increasing tax revenues will be attained. To increase tax revenues, we must act according to the tax law. No short-sighted behavior will be permitted;

Strictly restricting expenses. The excessive growth in spending must be checked. Wages should be paid out and relief funds provided according to established standards in the second half of the year, but no additional expenses are allowed in principle;

Making vigorous efforts to promote production. We must energetically increase financial revenue sources, ensure that funds for aiding agriculture are provided in time and in full, and help enterprises to change the way they operate;

Strengthening leadership over the management of state-owned assets. We should step up efforts to draw up the "Program for Managing State-Owned Assets" and the "State-Owned Assets Law" to protect state-owned assets when the old system is being changed;

Stepping up financial legislation and tightening up financial discipline. We must make adequate preparations for implementing the "Budget Law" and draw up as soon as possible supportive laws and regulations, such as the "Regulations for Implementing the Budget Law" and the "National Debt Law."

After carrying out the five [as received] major reforms of the macroeconomic control, we will introduce the modern enterprise system and reform the social security system in the next period. We will also table a draft budget for the "Ninth Five-Year Plan," which will be worked out next year, Liu said.

### **Zou Jiahua Inspects Hebei Factory, Harbor 2-3 Aug**

*OW0708225794 Beijing Central Television Program One Network in Mandarin 1100 GMT 6 Aug 94*

[Report over video from the "National News Hookup" program]

[Text] Accompanied by responsible leading cadres from the Communications Ministry and the Hebei Provincial Government, Vice Premier Zou Jiahua of the State Council inspected the Yaohua Glass Group Company and the Qinghuangdao Harbor in the sizzling heat.

Zou Jiahua inspected the Yaohua Glass Group Company's fiberglass production line and the fine glass processing line and the Qinghuangdao Glass Research Institute under the State Construction Materials Bureau. He inquired about the development and prospects of the enterprise and pointed out: Under the new situation in which the market economy brings about fierce competition, enterprises must attach importance to the quality and the variety of products, continuously conduct technological reform, and make unceasing efforts in production management. He added that enterprises should proceed from their actual conditions and establish a modern enterprise system.

At the Qinghuangdao Harbor, Vice Premier Zou Jiahua inspected the Qinghuangdao Harbor's fourth stage of the

dock construction project—a state key project—and heard reports on the construction's progress by comrades in charge of the Qinghuandao Harbor. He also inquired about the construction plan and progress, and gave instructions and opinions on the construction and development of the Qinghuandao harbor.

#### **NPC Vice Chairman Wang Hanbin Inspects Guizhou**

*HK0508110294 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 27 Jul 94*

[Text] Between 24 and 27 July, Wang Hanbin, vice chairman of the National People's Congress Standing Committee and alternate member of the CPC Central Political Bureau, inspected the development of foreign-funded enterprises, private enterprises, and township and town enterprises in this province, and inquired about the implementation of the Election Law and the Local Organic Law and solicited opinions on the revision of these two laws.

Yesterday morning, Vice Chairman Wang Hanbin listened to the work report of the Guizhou Provincial People's Congress delivered by Wang Chaowen, chairman of the provincial people's congress. They also exchanged opinions on some concrete issues in the implementation of the Election Law and the Local Organic Law in Guizhou. After affirming the work achievements made by the provincial people's congress, Vice Chairman Wang Hanbin stressed: Being the highest power of the state, the National People's Congress shoulders the responsibility for exercising the people's rights. The status of the people's congresses must be strengthened and must not be weakened. The supervisory work of the people's congresses should be based on law and should be brought into the realm of the legal system.

Yesterday afternoon, Vice Chairman Wang Hanbin listened to the work report by Chen Shineng, deputy secretary of the provincial party committee and provincial governor, on behalf of the provincial party committee and the provincial government. Wang Hanbin said: Due to historical and geographic reasons, Guizhou's economy is now still comparatively backward, and we must continue to rely on the state's support. However, Guizhou should still strive to increase its ability to develop itself and effect a benign cycle in economic development. In particular, the construction of infrastructural facilities, primarily transportation facilities, must be effectively boosted. Some feasible methods for developing transportation should be worked out. The resources in the mountainous areas should be effectively and comprehensively developed and utilized. Local advantages should be brought into play in order to speed up economic development.

Liu Fangren, secretary of the provincial party committee, Wang Chaowen, chairman of the provincial people's congress, Long Zhiyi, chairman of the provincial committee of the Chinese People's Political Consultative Conference, Wang Siqi, deputy secretary of the

provincial party committee, Liu Yulin and Chen Yuanwu, vice chairmen of the provincial people's congress, attended the report meeting.

#### **Hunan Leaders Discuss Provincial Development**

##### **Secretary Highlights Investment**

*HK0708082394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 6*

[By Wang Maolin, secretary of the Hunan Provincial Party Committee: "Investment Flourishing Here"]

[Text] Hunan Province is set to attract more investment from home and abroad to develop its economy.

Supported by the provincial government, the '94 Hunan Opening & Development International Seminar will be held as the initial spark of the province's opening actions.

Famous domestic and overseas economic experts, scholars and businessmen will form a large group flocking to the area to exploit its economic potential.

Since the province switched on the opening policies in 1979, foreign trade in the area has commanded great success.

In 1993, trade volume hit \$2,350 million, a 16 per cent increase from the year 1992.

Export enterprise is shifting to industrial products.

In 1978, industrial output accounted for 27 per cent of the total; 1993 saw the number rise to 81 per cent.

So far, the province has over 4,000 stable business partners in 135 different countries and regions, such as Hong Kong, Macao, Japan, the United States, the EEC (European Economic Community), the CIS (the Common Independent States), ASEAN (the Association of Southeast Asian Nations), and some eastern European countries.

Meanwhile, the province encourages its enterprises to invest abroad to establish overseas ventures.

In the regions of Hong Kong, Macao, Japan, the United States, Canada, Britain, Germany, the province has set up over 76 enterprises.

Some service industries are competing to launch foreign trade ventures.

Customs, the banking system, insurance, information, advertising, foreign-related law offices and accounting offices are in a better condition to serve foreign investors.

So far, there are 2,499 joint ventures in the province worth \$1,793 million.

The government will focus on introducing foreign technology and investment to the area.



In 1993, the province signed 78 high-technology projects totalling \$183 million and 42 technology-exporting projects with a capital investment of \$58.11 million.

At the same time, the province is receiving 13 economic aid programs from 11 countries.

Several new policies will be released in a bid to further provincial economic development.

So far, the exporting trend is increasing steadily. In 1994, from January to May, exports reached \$776 million, a \$227 million increase from last year.

The profit, cost and turnover of capital are in a healthy condition. The industries of cereal, edible oil, textile, mechanism light industry, medicine and technology are making great progress currently.

Invitation of foreign investment is also steadily rising, and productivity in the joint ventures is improving.

Investment arrangements vary from property rights deals and land releases, to mortgages, etc.

New areas to be opened will be decided. Both southern and northern parts of the province will have open ports and three routes through the whole province will be opened.

At the same time, the western region of Hunan, called "Xiangxi," will be the main development area of the province.

Lying to the south of Hubei Province, the area sits along the Yangtze River and has good access to Dongting Lake, a famous natural attraction.

#### **Governor Outlines Economic Plan**

*HK0708082494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 6*

[By Chen Bangzhu, governor of Hunan Province: "Hunan To Exploit New Status as Growth Area"]

[Text] Hunan Province in central China is to hold the '94 Hunan Opening & Development International Seminar to promote movement of the local economy toward the world market.

The push comes as part of the central government's new economic development blueprint to quicken the economic development of western and central areas of China.

From the first opening policies of 1979 to the market-oriented economy of 1993, the province has experienced great economic exuberance.

For 1994, the predicted GNP is to increase 10 per cent to the year of 1993.

Now the provincial government is prepared to exploit the central government's new priority of moving the nation's economic emphasis to inland areas of the

country as coastal and South China cities currently receive the bulk of foreign investment and technology.

The action will narrow the gap between the quickly developing southern cities and the inland provinces while pushing the Chinese economy to meet world competition as a truly global economy.

With rich history, talented individuals and abundant natural resources, Hunan is well prepared to boost its economy.

The ideal location of the province together with the improving investment environment makes the province a magnet for investment.

As one of the development areas along the Yangtze River targeted by the central government as a growth area, the province is girding for major change.

The province also benefits from the reforms and open air from nearby southern areas such as Guangdong, Fujian and Guangxi, as well as the four Special Economic Zones.

Jingguang Railway, Zhiliu Railway, Zhegan Railway, Xiangqian Railway, Xiangui Railway, several highways and four airports form a convenient transportation network making Hunan readily accessible.

Meanwhile 14 regions of the province have opened international direct-dial telephones to get in touch with the rest of the world.

As for economic structure, the government will focus on high-profit agriculture, regulating industry, basic infrastructure, the outside economy and hi-tech industry. Currently, renovation of industry will be the main task.

Foreigners are welcome to invest in these fields to establish joint ventures or solo efforts.

Abundant talent adds the attractiveness to Hunan as well. According to government statistics, there are 750,000 junior- or senior-level technologists in the province. There are also many trainees in vocational training centers throughout the province.

#### **Official Says No More Tax Breaks for State Enterprises**

*HK0708083094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 8*

[By Wang Yong: "No More Tax Breaks For State-Owned Enterprises"]

[Text] China will no longer bail out its teetering, State-owned enterprises by granting endless tax breaks, a senior government official said.

"We must ensure fair play," Xiang Huaicheng, Vice-Minister of the State Taxation Administration, said at a national conference in Beijing last week.

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The new tax system, espoused since the beginning of this year, treats all types of domestic enterprises, either State-owned, collectively-owned or private, on an equal footing.

Before, State-owned enterprises enjoyed preferential tax treatment. For example, they could repay bank loans before being taxed.

Or when they ran in the red, they often received tax breaks, leaving the financial burdens to the government.

China now has more than 200,000 State-owned enterprises, about half of which are losing money.

"If we continue to give tax breaks to those losing money, the new tax system would be eroded, and there would be no room for fair play," Xiang said. Even worse, State revenues would fall.

By the end of June, the enterprises had accumulated tax arrears of more than 16.3 billion yuan (\$1.87 billion), an amount which would have increased in the latter half of this year.

The sliding trend in State tax revenues is exacerbated by the fact that the country suffered natural disasters brought on by both flooding and drought.

The three major features of the new system are: wider application of value-added tax (VAT); division of central and local governments; and a uniform income tax rate on domestic enterprises.

Despite the initial success of the system, Xiang said many problems remain.

Local governments go beyond their administrative rights—to grant tax breaks to local enterprises in a freewheeling way; criminals sell fake VAT invoices, and individuals dodge taxes.

The conflict of interest between central and local governments needs special attention.

There have been reports that, since the tax sharing system began, local tax collections have outpaced those for the national government.

To dilute local resistance, Xiang said the State would consider a legitimate increase in local taxes. This may come about before the end of the year, as final details are drafted for imposing a VAT on land. The land tax may favour local governments.

Xiang said the speed of tax reforms will depend on compliance with the nation's overall economic development pace.

The State's financial situation continues to allow some leeway to meet demands of economic development. The latter is currently characterized by a number of high-profile, and, in some ways, risky reforms.

Many enterprises have made false tax reports to avoid taxes. Contrary to fact, nearly half of the nation's enterprises claim their inventories have been taxed.

#### **Localities To Pay Capital Construction Debts in 1994**

*OW0808021894 Beijing Central People's Radio Network in Mandarin 2230 GMT 5 Aug 94*

[By station reporter (Hu Zhijian); from the "News and Press Review" program]

[Text] China will start comprehensive work nationwide to pay debts in capital construction investment in the latter half of this year.

Beginning this year, all localities in the country earnestly implemented the State Council's guidelines on tightening the macroeconomic regulation and control of fixed asset investment. However, some localities undertook too many construction projects that required too much investment. In view of that, the State Council recently approved and transmitted a State Planning Commission report on clearing up debts for capital construction investment. It decided to start comprehensive work nationwide to pay debts for capital construction investment, to put some projects on hold, and to pool funds to ensure the construction of key state projects and projects for the (low-end) production of marketable and profitable goods.

An official at the State Planning Commission said: In the latter half of this year, the State Planning Commission obtained certain results in its trial efforts to pay debts for electric power capital construction projects in Liaoning, Jilin, and Heilongjiang Provinces. Right now, it is making specific arrangements for its next task with the relevant departments and localities according to the demands of the relevant State Council circular.

#### **Vice-Minister Criticizes Sale of Houses at Low Prices**

*OW0508145394 Beijing XINHUA in English 1340 GMT 5 Aug 94*

[Text] Beijing, August 5 (XINHUA)—Liu Zhifeng, vice-minister in charge of the State Commission for Restructuring the Economy, said that the tendency to sell houses at low prices in some places goes against the aim of the housing reform.

This trend is harmful for the long-term development of housing services and it will easily result in unfair distribution and corruption, said Liu, also the deputy head of the State Council's Housing Reform Committee.

According to Liu, last year some institutes and enterprises ignored the official policies for housing reform issued by the State Council and continued to sell houses at low prices.

To stop this, the related departments of the central government issued a circular to suspend such sales, examine the houses that had been sold and enhance management of the funds accruing from the sale of the public-owned houses.

At a national conference on deepening housing reforms in urban areas, Liu noted that selling house at low prices is only an extension of welfare system instead of real housing reform.

Selling houses at low prices is unfavorable for the transformation of the housing mechanism and the healthy development of the housing reform.

Such sales cannot solve the problem of shortage of construction funds in the long term, he added. In addition it will lead to a loss of large amount of bank deposits.

### **New Housing Reform To Be Set Up in Urban Areas**

*OW0508111794 Beijing XINHUA in English 0920 GMT 5 Aug 94*

[Text] Beijing, August 5 (XINHUA)—China plans to establish a new housing system in urban areas, providing better housing for urban people, by the end of the century.

The immediate tasks for the country's housing reform in the urban areas are to promote the public housing fund system in an all-round way, change the rate of rents and push sales of public housing, and step up construction of economical housing, according to a recent meeting held by the Housing System Reform Office of the Chinese State Council.

Housing reform is an important part of China's economic restructuring.

The meeting held that smooth operation of the housing reform would be conducive to fast housing construction, social and political stability, relieving the burden of state enterprises, establishment of a modern enterprise system, developing real estate market, readjustment of economic structure and promoting a sustained, fast and healthy development of the national economy.

The housing reform has followed the principle of selling public housing, adjusting rents and encouraging individuals to buy housing.

Up to now, the public housing fund system has been set up in 104 cities and prefectures.

Some cities and enterprises have speeded up the reform in the fields of rent payment, housing construction and fund collection.

Li Tieying, State Councillor and head of the Housing System Reform Office, said at the meeting that efforts should be made to try out the establishment of housing sales, leasing and mortgage market in China, and improve

the social insurance housing system to help improve the living conditions for people who live in poor houses and do not have enough living spaces.

### **State Land Administration To Rectify Land Market**

*HK0608071894 Beijing ZHONGGUO XINWEN SHE in English 0432 GMT 6 Aug 94*

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—Approvals for requisition of land in violation of laws and unreasonable use of land have still taken place in some localities in China, the State Land Administration decided to rectify the land market and standardize behaviour in this sector, according to a national conference on land requisition recently held here.

After the promulgation of regulations by the State Land Administration on unified planning, requisition, development and leasing of and management over land, disorder of approving land requisition by unauthorized departments and illegally use of land was basically curbed, promoting the reasonable disposition of land and putting an end to losing of state-owned land property. Especially after the implementation of regulations on unified requisition and contracting, land needed in construction of a batch of key items including the Beijing-Kowloon railway, the Three-Gorges project and the Xiaolangdi reservoir has been guaranteed.

Information from the meeting says that the above-mentioned malpractice have come back again. The unauthorized right for approving land use in some places has not been revoked yet. Some problems appearing in land use and administration have not been tackled.

Deputy Director of the State Land Administration, Mr. Liu Wenjia, pointed out that the above problem should be tackled by rectifying the land market and standardizing the behaviour of land requisition. Illegal activities in land market must be cracked down. Law-enforcement and supervision by land administration departments and other related ones must be strengthened.

### **Real Estate Business Develops Steadily**

*OW0808081694 Beijing XINHUA Domestic Service in Chinese 0620 GMT 6 Aug 94*

[By reporter Cai Yongjun (5591 2340 6511)]

[Text] Dalian, 6 Aug (XINHUA)—Song Chunhua, chief planner and head of the Construction Ministry Real Estate Department, 5 August said at the '94 China Dalian Real Estate Fair that, with the improvement of financial order and deepening of the reform of investment structure, China's real estate business has entered a new period of stable development.

Song Chunhua said the main features for the real estate business' stable development included: The state has strengthened macroeconomic control and effectively curbed the overheating in real estate business from an



earlier period. The rate of increase in real estate investment in the first half this year declined to 43.9 percent as compared with 143.5 percent in the same period last year. The investment structure has also become more reasonable. The proportion of housing construction now accounts for 80 percent of total real estate development. Besides, the real estate market has also been further improved and speculative activities in buying and selling real estate have been contained.

Song Chunhua said: Although the rate of increase in real estate investment has declined to 43.9 percent, less than the growth rate in the second half of last year, the increase is calculated on the basis of doubling real estate investment during the past two years. Therefore, the scale of current real estate investment is still quite large. Song Chunhua held that, due to the normalization of market behavior, competition in the real estate market will be more fierce and the situation will be more suitable for the growth of enterprises with solid economic foundation, high-quality technological personnel, and strong decision-making power.

Song Chunhua also said that the gap between regions in real estate development will not be reduced in the near future. Places with better market development and faster growth in real estate business are still those opening areas along eastern and southern coastal regions.

#### Real Estate Industry Enters 'New Period' of Development

OW0708132594 Beijing XINHUA in English 1240 GMT 7 Aug 94

[Text] Dalian, August 7 (XINHUA)—China's real estate industry has entered into a new period of steady development, said Song Chunhua, an official from the Ministry of Construction, at a recent real estate fair in Dalian City, Liaoning Province.

Song said that along with the reforms of China's finance operations and investment mechanism, the once overheated real estate industry has been brought under control.

During the first half of this year, the investment growth rate of China's real estate projects was limited at 43.9 percent as against 143.5 percent during the first six months last year.

However, the growth rate this year should not be regarded as slow considering that it was calculated on the basis of the continuous high-speed growth of the previous two years, the official said.

The investment structure has become more rational this year, with the development of housing projects accounting for 80 percent of the total, he said.

Song said that the macro-economic control measures with regard to real estate industry were aimed at stemming the industry's cyclical fluctuations and making it grow in line with that of the whole national economy.

Song was optimistic about the prospects of the development of the real estate industry, saying that China's efforts to speed up urbanization and old urban district upgrading, and improve residents' housing conditions, the fledgling market economy and increasing floating population—all these will surely stimulate the development of real estate.

#### Report Sees Continued Growth, Increasing Inflation

HK0708081494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 1

[By Liu Weiling: "Sharp Economic Growth Expected This Year"]

[Text] The nation's economy is expected to continue its strong growth in the second half of this year, with robust industrial production and a prosperous retail market.

A favourable balance of foreign trade is also in sight if the energetic export momentum of the first six months continues in the last two quarters, according to a report released by the State Information Centre [SIC].

However, a high inflation pressure is also expected in the second half, said the report, carried by the China Securities newspaper last week.

Industrial output in the third and fourth quarters is expected to reach 1,071.7 billion yuan (\$124.62 billion) and 1,200 billion yuan (\$139.5 billion) respectively, up 24.4 per cent and 24 per cent from the corresponding periods last year.

The whole-year industrial turnover will amount to 4,255.2 billion yuan (\$494.79 billion), 21.8 per cent more than last year, the report said.

The retail market is expected to rebound gradually in the next two quarters.

Experts predicted that retail sales will register 27 per cent and 26.3 per cent growth respectively in the third and fourth quarters to hit 374.3 billion yuan (\$42.52 billion) and 462.5 billion yuan (\$52.85 billion).

Whole-year retail sales are expected to rise 26.8 per cent to reach 1,545.6 billion yuan (\$179.72 billion). The inflation-adjusted growth rate will be 6.31 per cent.

Meanwhile, a \$3.7 billion trade surplus is expected with swelling exports.

Customs figures indicated that, during the first six months of this year, China's exports reached \$73.5 billion, a 34.6 per cent increase over the same period last year.

Total export volume in 1994 is expected to mount to \$121.9 billion, 32.8 per cent up from last year, while total import volume will rise 3.7 per cent to \$118.2 billion.



Experts with the SIC said the predictions are made on the basis that the interest rate for savings remain unchanged and the renminbi will strengthen slightly, with its exchange rate against the U.S. dollar remaining at about 8.6 yuan.

They said China scored initial success in this year's massive financial and fiscal reforms in the first six months of this year, with improved financial order, increased taxes, and expanding exports.

During the January-June period, China's industrial and commercial taxes registered a 26.7 per cent rise to reach 153.48 billion yuan (\$17.85 billion).

However, experts said that China still faces a tough time in the coming months to fight against increased inflation pressure.

They predicted that the retail price index in the third and fourth quarters will rise 19.8 per cent and 18 percent respectively compared with the same periods last year.

Year on year, the retail price index is expected to increase 18.8 per cent.

In light of the rising inflation rate SIC experts suggested that the central bank increase interest rates for deposits to attract more savings and ease people's worries about inflation.

And since the government's target of 10 per cent inflation has become difficult to meet, the target should be changed to make it easier for the public to accept the government plan, the experts said.

#### **Official Expects Inflation To Weaken Gradually**

HK0708051294 Beijing ZHONGGUO XINWEN SHE  
in English 0707 GMT 6 Aug 94

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—Deputy Secretary-General of State Planning Commission, Mr Zou Xiangqun, said, inflation tendency would gradually slow down in the second half of this year because of the following four reasons.

First, the aftermath effect of last year's inflation will gradually weaken. Since the start of last year, China's commodity prices had grown month by month and reached a climax in last December. Since the gradual price increase for the whole year and the raising of price for electricity, railway goods transport, steel products, coal and grains all being conducted in the second half of last year, especially the fluctuation in grain and edible oil price in the fourth quarter of last year, all had an aftermath effect on the commodity prices this year.[sentence as published] However, such effect will gradually weaken as time goes on. It is expected that in the fourth quarter of this year the effect will obviously decrease.

Second, there is certain improvement in the macro economic environment and the financial situation in the country remains stable. Compared with the same period

last year, currency withdrawal in the period from January to May this year increased by RMB [renminbi] 54.57 billion, resident deposits rose by RMB 151.8 billion and financial revenue grew by 24.3 percent. Because of the tight controlling over loans for investment in fixed assets as well as the large scale of inspection on investment in the country, the fixed assets investment growth continues to drop.

Third, the situation of important commodities' supply and demand is improving. At present, the country has seen a balance in the overall supply and demand of commodities in its domestic market. The area under grain plantation this year remained the same as that of last year, the area under rapeseed crop cultivation increased by eight million mu, creating a solid base for a steady increase of output of grain and edible oil. With approach of the busy months for vegetable production, the volume of vegetable and non-staple food is expected to increase and their prices will continue to fall.

Fourth, the trend of arbitrary pricing has started to be curbed. The random pricing in markets has been gradually stopped through large-scale price inspection as well as the implementation of several measures set by the state like grain risk foundation, supervision and examination of prices and the openly marked prices.

Mr. Zou Xiangqun said that in line with the above comprehensive analysis, the growth of commodity price was expected to gradually weaken but would still maintain at a comparative high level. The above-mentioned drop of price growth started at a comparative high level and a short period rise of price of some commodities would even appear in the future.

#### **Official Discusses Enterprise Regulations**

OW0808063494 Beijing XINHUA Domestic Service in Chinese 2141 GMT 1 Aug 94

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter Wu Jincai (0702 6930 2088): "The Only Way to Enterprise Reform—An Interview With Chen Qingtai, Vice Minister of the State Economic and Trade Commission, on the Second Anniversary of the Promulgation of the 'Regulations Governing the Transformation of Operating Mechanisms of State-Owned Industrial Enterprises'"; place and date not given—first paragraph is XINHUA introduction]

[Text] Beijing, 2 Aug (XINHUA)—July 23 of this year marked the second anniversary of the promulgation of the "Regulations Governing the Transformation of Operating Mechanisms of State-Owned Industrial Enterprises" (hereinafter referred to as the "regulations"). These reporters interviewed Chen Qingtai, vice minister of the State Economic and Trade Commission, on how to appraise the results in implementing the "regulations" over the last two years and on how to correctly handle the relationship between implementing the "regulations" and building a modern enterprise system.

**The Main Results Are Demonstrated by the Further Delegation to Enterprises of Decision-Making Powers in the 14 Areas of Business Management, and by the Fact That Enterprises' Principal Role in the Market Has Been Widely Strengthened**

Question: What results have been achieved in implementing the "regulations" over the last two years?

Answer: The main results have been that decision-making powers in the 14 areas of business management have been delegated to enterprises to a large extent, thus enabling enterprises to strengthen their role as independent business operators and as a principal player in the market. Judging from the results of our surveys, the powers in eight areas of business management—decision-making power on production and business operations, the power to decide on product and labor prices, the power of product marketing, the power of materials purchasing, personnel management power, the power to distribute wages and bonuses, the power to decide the use of retained funds, and the power to establish an enterprise's internal organs—which were delegated to enterprises during the first year, have been further implemented this year.

Powers in another four areas—the power to engage in joint business operations with other enterprises and to take over other enterprises, the power to hire workers, investment decision-making power, and the power to dispose of an enterprise's assets—which were partially delegated to enterprises during the first year, were basically delegated to enterprises during the second year. In particular, the delegation of the power to engage in joint business operations with other enterprises and to take over other enterprises, and the power to dispose of an enterprise's assets, has quickened the pace of restructuring enterprises. Since the second half of 1993, Tianjin has suspended production by some loss-making industrial enterprises for the purpose of improving their management. As of the end of this June, approvals had been obtained to suspend production by 29 industrial enterprises in Tianjin for the purpose of improving their management, thus entitling 14,301 workers to receive unemployment benefits. A total of about 17 million yuan in unemployment benefits was disbursed according to established regulations.

Some changes have been made in enterprise import and export powers and in the power to reject fee apportionment, which were not delegated to enterprises during the first year. Enterprise import and export powers have so far been partially delegated. Judging from the results of the surveys, most enterprises meeting the requirements have been given import and export powers; as of the end of June, a total of 2,100 state-owned industrial enterprises meeting the requirements had been given import and export powers. The problem of fee apportionment has attracted attention from governments at all levels. Some provinces and cities have taken various measures to help enterprises exercise their right to reject fee

apportionment. The Sichuan Provincial People's Congress last year promulgated the "Sichuan Provincial Regulations on the Supervision and Management of Enterprise Burdens." In response to government departments' apportioning fees to enterprises, the Hebei Provincial Government encouraged 1,000 enterprises to criticize the government and instructed concerned departments to look into each of the problems brought up by enterprises.

As enterprise business management powers have been gradually delegated to enterprises, enterprises have become more market- and competition-minded; have had a better understanding of relevant laws; and have been more self-conscious in organizing production, running their business, and adjusting their product mix according to the market demand. An increasing number of enterprises have used the "regulations" as a weapon to protect their legitimate rights and interests. Because of the increase in management power, many enterprises have made better use of their assets and potentials.

At the same time, governments' functions also have been gradually transformed. Over the past year, following the principle of separating government administration from enterprise management, ensuring macroeconomic regulation and control, and giving enterprises a free hand in handling microeconomic issues, governments and the departments concerned at all levels have taken a new step toward transforming functions and improving their service. This is demonstrated in the following respects:

First, vigorous efforts must be made to carry out supporting reforms so as to create a favorable external environment for enterprises' reform and for their implementation of the "regulations." Governments and departments at all levels have vigorously carried out supporting reforms and have implemented a series of reform measures since the second half of last year. In July 1993, in accordance with a State Council decision, the Finance Ministry drew up and began implementing a "general rule on enterprises' business accounting" and a "norm on enterprises' accounting" in a bid to make China's business accounting system converge with the international system. The overwhelming majority of enterprises have already adjusted their accounts in accordance with these provisions. At the end of May 1994, all the 15 rules drawn up by 14 comprehensive economic departments of the State Council to coordinate matters with the "regulations" were promulgated, and all the 23 measures or opinions for the implementation of the "regulations" put forward by 20 departments of the State Council in charge of trades and professions were also promulgated.

Second, close attention must be paid to fostering and perfecting a market system and to maintaining the order of competition on the market. So far, widespread markets for factors of production such as funds, technologies, and labor services have been established in most areas across the country, and a market system has been gradually perfected, too.

Third, we must continue to screen documents and strengthen supervision over and the inspection of the implementation of the "regulations." In the past year, many areas continued to screen documents that violate the guidelines of the "regulations," and special supervision and inspection organs or centers for supervising the handling of people's complaints were set up in all areas. Meanwhile, they focused on supervision, inspection, the enforcement of discipline, and the handling of cases on ensuring the smooth transmission of government decrees, supervising and urging departments to streamline administration and to delegate power to the lower levels, protecting the legitimate rights and interests of enterprises, and investigating discipline and law violations during the implementation of the "regulations."

**The Major Problems Are That Governments Are Lagging Behind Schedule Relatively in Changing Their Functions and That the Efforts Made by Enterprises Themselves To Transform Their Operating Mechanisms Are Inadequate; These Problems Cannot Be Ignored**

Question: At present, what problems still exist in the implementation of the "regulations?"

Answer: We are mainly encountering the following problems:

First, government departments are lagging behind schedule in changing their functions. The problem is mainly manifested in the following phenomena: 1) A multitude of government departments which have functions exist, and the phenomenon of overstaffing remains basically unchanged. 2) Some departments appear hesitant to return power to enterprises and still retain their control over enterprises although they have delegated power to them. 3) Although the role played by departments in charge of enterprises is attenuated as the "regulations" are implemented, some relevant departments are still very interested in "exercising control over" enterprises. As a result, enterprises are at a loss as to what course to pursue. 4) Serious unhealthy practices exist in some departments. In particular, unhealthy practices are still rampant in certain trades, professions, and institutions which have a monopoly over certain products or services despite the drive launched several times to address the problem.

Second, the burdens shouldered by state-owned enterprises are still heavy. So far, the problem of state-owned enterprises' and particularly large and medium-sized enterprises' being weighed down by excessively heavy burdens still has not been solved once and for all. It is mainly manifested in enterprises' incurring heavy losses and debts, buying a lot on credit, employing many redundant personnel, having many retired staff and workers, and shouldering heavy burdens not related to taxation imposed by all quarters under various pretexts, such as the pooling of funds, the requisitioning of donations, the exaction of fees, the imposition of penalties, and so forth.

Third, a social security system has yet to be improved and perfected. In particular, the establishment of a system of insurance for unemployment, pensions, and health care lags behind schedule. Such a delay adversely affects the smooth progress of enterprises' reform.

Fourth, the efforts made by enterprises themselves to transform their operating mechanisms are inadequate. The phenomena of vying with each other for speed and practicing formalism in the drive to transform operating mechanisms and establish a modern enterprise system still exist in some enterprises. They think that the task of transforming operating mechanisms and establishing a modern enterprise system has been achieved as long as they have changed an enterprise's name, have saved some money, and have offered some substantial benefits to staff and workers. In fact, their operating mechanisms still remain unchanged. Some enterprises have not paid enough attention to reforming themselves. Their management is lax, consumption is high, quality is poor, economic returns are low, and security measures are unsatisfactory. A small number of factory directors are slow in changing their concepts; some do not want to, dare not to, and do not know how to use their power. Some factory directors lack confidence in their successfully running state-owned enterprises.

**The Implementation of the "Regulations" Is the Only Way to Enterprise Reform and Creates Conditions for Building a Modern Enterprise System**

Question: The building of a modern enterprise system put forward by the Third Plenary Session of the 14th CPC Central Committee points out the direction for enterprise reform. Many people hold that under this circumstance, it would be better to build a modern enterprise system in one go and that there is no need to make efforts to delegate the decision-making power to enterprises step by step.

Answer: The fundamental purpose and focal point of implementing the "regulations" is to change enterprise operating mechanisms. This conforms to the reform direction of building a modern enterprise system.

The "regulations" are a cornerstone for building a socialist market economy. Implementing the "regulations" and changing enterprise operating mechanisms are the basic tasks in building a modern enterprise system. Since the second half of 1993, many areas have integrated the change of enterprise operating mechanisms with the building of a modern enterprise system and have promoted the implementation of the "regulations." While inspecting Shanghai in May 1994, General Secretary Jiang Zemin pointed out that the fundamental way to improve large and medium-sized state enterprises is to deepen reform, change their operating mechanisms, and establish a modern enterprise system. He held that Shanghai has the conditions to take the lead in experimenting with a modern enterprise system. According to General Secretary Jiang Zemin's directive, the Shanghai Municipal Government has formulated rules to change



its functions, has performed official duties at enterprises, and has firmly assisted 51 key enterprises in exercising their operating powers, thereby giving state-owned enterprises a free hand to change their operating mechanisms and to develop their market with "marketable, quality, and profitable" products. An appraisal carried out by the "Self-Appraisal System for Changing Enterprise Operating Mechanisms," which was formulated by the municipal economic commission and other relevant departments, showed that 425—or 33.6 percent of—local state-owned enterprises whose operations are incorporated with local budgets have basically reached the set targets; and that they have taken a new stride in reassigning state-owned assets and in improving the social security system, thereby creating conditions for building a modern enterprise system.

Through the implementation of the "regulations," many enterprises have changed their operating mechanisms and have laid the foundation for building a modern enterprise system. The results are particularly noticeable in the following three respects:

First, with reforms in the labor, personnel, and distribution systems as the breakthrough point, many enterprises have implemented systems governing workers' labor contracts, cadres' terms of employment, wage scales for technical expertise, and piecework wages; and the introduction of mechanisms governing competition has mobilized the mass of workers' enthusiasm and has revitalized enterprises' operations.

Second, many enterprises have separated their production departments from nonproduction departments, have gradually categorized the nonproduction departments, and have turned those able to compete on the market into economic entities. They have also turned those service units which are not yet able to compete into independent business operators which are responsible for their own profits and losses, and, through reducing their subsidies, have pushed them to gradually become independent business operators being responsible for their own profits and losses. This has substantially reduced enterprises' burdens.

Third, many enterprises have strived to intensify in-house training to improve management and operations. In line with the State Economic and Trade Commission's demands, starting this year, various localities, departments, and enterprises have launched an extensive campaign to change operating mechanisms, strengthen management, intensify in-house training, and increase profits. They pledge that the greater the reform and opening up effort is, the more it is necessary for them to intensify in-house training and to improve management. Many enterprises have come to realize that while the implementation of decision-making powers in 14 areas of business operations has created for them a positive environment and internal conditions, they must count on their own efforts to change their internal operating mechanisms.

This shows that the beliefs that the "regulations" are outdated regulations unable to deal with immediate problems are one-sided and incorrect. No matter whether it is the implementation of the "regulations" or the carrying out of reform for building a modern enterprise system, we should not ignore the issue's real nature—namely, changing enterprises' operating mechanisms.

**Implementing the "Regulations" Remains One of This Year's Economic Priorities; All Sectors of Society, Including Enterprises, Should Implement the "Regulations"**

Question: What shall we do to implement the "regulations"? What are the priorities?

Answer: In the final analysis, it is the efforts of enterprises that are instrumental in implementing the "regulations." This is because external factors can only come into play through the action of internal factors. Apart from emphasizing this point, we should further accelerate the transformation of government functions and try our best to foster even better external conditions for enterprises at an early date.

At present, we should focus on the following tasks to change government functions:

First, we should overhaul companies set up by various government departments. Now that the central government has approved for implementation the "Opinions of the State Economic and Trade Commission on Implementing the Provisions on Separating Party and Government Organs From the Economic Entities They Run," companies set up by personnel reassigned to other posts by various government departments should immediately sever their ties with those departments in terms of their functions, finances, personnel, and names, with a view to eradicating the unhealthy practice of abusing one's power to do business, seek personal gain, and monopolize operations.

Second, we should earnestly grant enterprises autonomy in operational matters and ensure that all 14 types of operational autonomy will be granted. We should consider the elimination of the "three indiscriminate practices" [unwarranted pooling of funds, arbitrary collection of donations, and exaction of fees from enterprises] to be an important task in improving enterprises' external conditions and the objective economic environment, and carry it out well. We should organize manpower to screen and deal with unwarranted fees that have caused strong resentment among enterprises.

Third, we should intensify our efforts to supervise and inspect the way that the "regulations" are implemented. People's governments at all levels should step up law enforcement, give full rein to supervision departments' roles, and exercise closer administrative and economic supervision over the implementation of the "regulations." We should strictly enforce party discipline and

state laws, and investigate and deal with a number of cases of indiscipline and lawbreaking that infringe on enterprises' rights and interests in violation of the "regulations." Acting in accordance with the law, we should strictly and promptly deal with typical cases in which laws are deliberately violated and resisted.

Additionally, we should introduce mechanisms that will ensure the success of well-run enterprises and the elimination of inefficient ones. We should also set up a social security system gradually to reduce enterprises' burdens and to lay the foundation and create conditions for enterprises to change their operating mechanisms and implement a modern enterprise system as they move onto the market.

### National Survey To Assess Value of State Assets

HK0708073394 Beijing CHINA DAILY in English 6 Aug 94 p 1

[By Sun Shangwu: "State Property To Be Evaluated By National Survey"]

[Text] The government has decided to launch a nationwide campaign this year to thoroughly assess the value of assets in 150,000 State-owned enterprises.

The move, primarily to protect the assets, also aims to optimize industrial structure and prevent enterprise fraud. It will focus mainly on improving the management of State-owned assets of a total 3,069.7 billion yuan (\$352.8 billion) as valued by the end of 1992, a senior official said yesterday in Beijing.

The action follows a pilot project launched last year on checking and assessing the property of 9,401 State-owned firms. The trial has resulted in increasing assessed values of State-owned properties by 42 per cent, or 180 billion yuan (\$20.7 billion).

During the planned assessment drive, profits generated by State firms and incomes from the transfer of State property rights will need to be accounted for in the national property budget, according to Vice-Finance Minister Zhang Youcai.

Zhang made the remark during a press conference held yesterday on the promulgation of the Regulation on Supervising Assets of State-Owned Enterprises.

According to the regulation, which was decreed by the State Council on July 24, proceeds should neither be used for non-productive purposes nor to balance deficits.

They will be used by the government to promote the development of large and medium-sized State enterprises, said Zhang, who is also the head of the State Administration of State Property.

Zhang said that his organization, together with the State Economic and Trade Commission, will strengthen their work in defining property rights of State assets.

"The current work will target the transfer of property rights in the process of setting up a shareholding company, transforming and merging State firms," Zhang said.

The government will at the same time evaluate State assets of co-operative firms and joint ventures to prevent loss of State assets, he added.

The administration will also improve the work of registering property rights, which is regarded by Zhang as fundamental in assessing the overall State property situation.

He said at the meeting that State assets administrative departments at all levels had approved 25,100 asset-evaluating projects by the end of last year, among which 22,300 have been completed. The evaluations helped increase the documented value of State assets by 49 per cent.

The national regulation stipulates that State property is owned by the Chinese people and the entire nation, while the State Council is the sole representative of national ownership, according to Hong Hu, Vice-Minister of the State Commission for Restructuring the Economic System.

Hong said that government departments concerned will supervise the performance of State assets by sending monitoring groups to the enterprises.

Yang Changji, Vice-Minister of the State Economic and Trade Commission, said that these departments will soon select the first batch of State firms which will be supervised by the monitoring groups.

### Officials Brief Press on State Assets Rules

OW0608224694 Beijing XINHUA Domestic Service in Chinese 1200 GMT 5 Aug 94

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Zhou Liang (0719 0081)]

[Text] Beijing, 5 Aug—The State Economic Restructuring Commission, the State Economic and Trade Commission, and the State Administration of State Property jointly held a news briefing here today, in which they provided briefings and explanations in response to questions regarding the recently promulgated "Regulations on Overseeing and Managing Property in State-Owned Enterprises." They also asked people in all departments concerned to seriously study and implement the regulations.

It is reported that China's state-owned assets have increased rather quickly since the introduction of reform and opening up. Statistics show that China's state-owned assets have increased at an average annual rate of 18 percent or more since 1988. By the end of 1992, state-owned assets totaled 3,069.7 billion yuan nationwide, 72 percent of which were related to operations. Nonetheless, losses of state-owned assets have been very serious,

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and the management of such assets has not been very efficient. The timely promulgation of the "Regulations on Overseeing and Managing Property in State-Owned Enterprises" has provided a legal basis for safeguarding the state's ownership and supervision of property in state-owned enterprises. It also defined the property rights of state-owned enterprises as legal entities, and gave legal protection to enterprises' leading status in market competition. The "Regulations" can be described as a sister code to the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises." They are of great significance for preserving and increasing the value of state-owned assets, for changing the operating mechanisms of state-owned enterprises, for quickening the pace of establishing a modern enterprise system unique to China, and for developing and expanding the state sector of the economy.

During the news briefing, Hong Hu, vice minister of the State Economic Restructuring Commission, related the process of drafting the "Regulations," and expounded on the significance and main features of the "Regulations." His speech was chiefly devoted to four main features of the "Regulations." 1) The "Regulations" embody the constitutional principles by confirming the state's ownership of state-owned assets in enterprises, by safeguarding the uniformity of ownership of state-owned assets, and by dismissing arguments in favor of placing state-owned property under the ownership of local governments, departments, and enterprises. 2) By establishing the principle of managing state-owned assets at various administrative levels, the "Regulations" fulfill the state's requirement for exercising unified and compulsory administration of state-owned assets while taking into account the need to share work in administering state-owned assets because of their widespread existence in large quantities. 3) The "Regulations" establish the procedures for shared supervision and define the functions of state-owned assets supervisory organs. 4) By establishing state-owned enterprises' property rights as legal entities, the "Regulations" strengthen enterprises' right to operate independently, and prevent the government and supervisory organs from infringing on enterprises' property rights while increasing enterprises' responsibility for preserving and increasing the value of state-owned assets.

Yang Changji, executive vice minister of the State Economic and Trade Commission, expressed his views on how to study, publicize, and implement the "Regulations." He said: Implementing the "Regulations" is currently an important step for deepening enterprise reforms and for improving state-owned enterprises. We should actively and properly organize efforts to implement both the "Regulations on Overseeing and Managing Property in State-Owned Enterprises" and the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises." He expressed the hope that all departments and localities would go deep into the realities of life to conduct

investigation and study, and provide more effective detailed guidance. He also urged all localities to make plans, draw up measures, set priorities, conduct inspections, and submit reports in connection with their work, and to institute effective operational and organizational systems.

Yang Changji said: The State Economic and Trade Commission and the State Administration of State Property are now drafting the "Opinions on Implementing the 'Regulations on Overseeing and Managing Property in State-Owned Enterprises'." They will be responsible for drafting the charter of the board of supervisors in the near future. Together, they will establish systems for checking and evaluating state-owned assets, for registering property rights, and for submitting statistical reports. They will also jointly formulate concrete measures and opinions for implementing basic administration, such as defining property rights and dealing with disputes.

He said emphatically: All localities will temporarily refrain from appointing members to the board of supervisors before the State Council decides on a list of enterprises from which the board of supervisors will draw its members, and before the "Charter of the Board of Supervisors" and other supplementary measures are promulgated.

During the news briefing, Zhang Youcai, vice finance minister and director of the State Administration of State Property, underscored the importance of continuing to strengthen the basic administration of state-owned assets. He noted: 1) We should proceed in a planned and step-by-step manner in advancing the process of appraising fixed assets and circulating funds; lay the groundwork for establishing a modern enterprise system and for strengthening the management of property rights over state-owned assets; advance the process of optimizing the state capital mix and rationalizing the organizational structure; and try our best to relieve enterprises of some of their conventional burdens. 2) We should intensify our efforts to define property rights and deal with relevant disputes in accordance with the principle of "vesting property rights in the investors." 3) We should improve and fine-tune our work in registering property rights. Depending on the circumstances, we should mete out disciplinary action when property rights are not registered or are registered inaccurately. 4) We should strengthen and standardize administrative procedures regarding the evaluation of assets; resolutely remedy problems arising from administrative interference in assets evaluation; and reiterate the necessity of evaluating assets in state-owned enterprises at a time when various operational modes are undergoing changes. 5) We should institute a sound system of criteria for evaluating performance in preserving and increasing the value of state-owned assets, and step up supervision over the evaluation of efficiency in managing state-owned assets. 6) We should institute a sound



system of compiling statistical reports on state-owned assets that is commensurate with enterprise system reforms.

### **XINHUA Carries Economic News Briefs for 7 Aug**

OW0708080994 Beijing XINHUA in English 0738  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—Today's economic news briefs:

#### **OVERSEAS INVESTMENT**

The total overseas investment in the Jinqiao Export-Oriented Product Processing District in the New Pudong Area of Shanghai has topped 2.8 billion U.S. dollars.

There are 30 major projects with investment over 30 million U.S. dollars each.

Now 125 projects in the district are under construction.

#### **SHANGHAI TEXTILE EXPORTS**

Shanghai's textile exports have begun to pick up after a period of decline. In the first six months of this year the export value reached 1.42 billion U.S. dollars, an increase of 35.6 percent over the same period of last year.

#### **FOLKLORE TOUR PROGRAMS**

East China's Jiangxi Province will open 12 folklore tour programs next year. They will include fishing on Boyang Lake, ceramics making in Jingdezhen City, bird-watching at Wucheng Town near Boyang Lake, Taoist ceremony tour to Mount Longhu near Yingtan City, and a tour to the hometown of Zhu Xi, a Song Dynasty scholar.

### **Shanghai State Enterprises Still Play 'Leading Role'**

HK0608080094 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Jul 94 p 1

[Report by Lu Wangda (0712 4986 1129): "State-Owned Enterprises in Shanghai Have Again Made Excellent Achievements and Continued To Play a Leading Role in the Economy"]

[Text] Shanghai, 8 Jul—In the course deepening their reform, state-owned enterprises in Shanghai have continued to play a leading role in the city's economy. In the first half of this year, the total output value of state-owned industrial enterprises topped 158 billion yuan, fulfilled the sales and production target of 188.3 billion yuan, and delivered export commodities of 23.8 billion yuan—increases of 17.6, 15.2, and 46.1 percent, respectively, over the same period last year. This is the fourth year in which Shanghai's state-owned industrial enterprises have maintained a double-digit growth rate.

Shanghai is a city where state-owned enterprises are concentrated. Shanghai's enterprise reform has experienced a painstaking process. In 1991 the Shanghai Municipal CPC Committee and Government proposed to the central government that Shanghai should take the lead in carrying out self-funded reform with the prerequisite of observing state macrocontrol and regulation, delivering taxes to the state, and holding firm to the socialist orientation. Subsequently, cadres, staff members, and workers of state-owned enterprises in Shanghai exerted themselves in overcoming all sorts of difficulties and made new achievements in transforming enterprises' operational mechanisms, adjusting the industrial structure, and improving enterprises' economic results, thus enabling state-owned enterprises to play a role in stabilizing and developing the overall situation of the national economy.

State-owned enterprises in Shanghai created a total tax and profit of 26.731 billion yuan last year, an increase of 24.3 percent over the previous year, accounting for 69.8 percent of the total taxes and profits created by the city's independent-accounting industrial enterprises. Last year, state-owned industrial enterprises fulfilled a total industrial output value of 173.681 billion yuan, accounting for 61.8 percent of the city's total industrial output value. State-owned enterprises play an important role in creating foreign exchange through exports. Last year, they fulfilled an export value of 25.851 billion yuan, accounting for 66.54 percent of the city's export value.

In recent years, Shanghai's state-owned enterprises have made breakthrough progress in introducing foreign capital. By the end of last year, 1,247 foreign-invested enterprises with state-controlled stocks had gone into production. Their output value amounted to 54.356 billion yuan, an increase of 65.4 percent over the previous year. These shareholding enterprises had a total capital stock of 7.788 billion yuan, of which Chinese capital was 4.441 billion yuan, accounting for 57 percent. The transformation of some state-owned enterprises into shareholding enterprises has enlivened these state-owned enterprises' assets.

In the 1990's, taking China's economic development and strong points into account, Shanghai has seized the opportunity to expedite the strategic adjustment of its industrial structure, gradually forming a number of new pillar industries—such as the iron and steel industry, the automobile industry, the telecommunications equipment industry, the power station equipment industry, the petrochemical industry, and the household electrical appliances industry—and speeding up the development of microelectronics, computers, modern medical sciences, bioengineering, and spaceflight equipment.

The rapid emergence of these new pillar industries has optimized Shanghai's industrial structure, enabled state-owned enterprises to take the lead in terms of technological level, and laid a solid foundation for Shanghai to make further achievements.

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### Rural Areas See Good Economic Development Trend

HK0608071594 Beijing ZHONGGUO XINWEN SHE  
in English 0306 GMT 6 Aug 94

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—China saw a good tendency in economic development in its rural areas, revealed an official of the State Statistical Bureau recently.

According to the official, the central authorities consecutively convened two meetings on work in rural areas, bringing in further improvement of macro environment for economic development and a practical result in economic operation in these areas. The country saw a good situation in economic development in its rural areas.

—Summer crops output increased steadily. The size of land for summer crops this year dropped by 2.7 percent. Despite such a disadvantage, the gross output volume of summer crops still reached 104 million tonnes. Though dropped by 4.6 million tonnes compared with last year, it was still a second best harvest in history. As the area under rapeseed cultivation increased by 7.4 percent over last year, the output of the crop reached 7.42 million tonnes, an increase of 480,000 tonnes or 7 percent up.

—There was an abundant supply of vegetable and non-staple food both in urban and rural markets. In the first half of this year, the output of pork, mutton and poultry meat was 18.87 million tonnes, 15.1 percent up. Meanwhile, the structure of livestock products continued to improve. Compared with the same period last year, pork increased by 10.3 percent, beef and mutton by 31.7 percent, poultry meat by 33.8 percent, a change beneficial to a reasonable shift of urban and rural resident consumption structure. According to statistics in 30 medium- and large-sized cities in the country, vegetable output in the first six months this year exceeded 10 million tonnes. Its volume in market increased obviously and the varieties of fresh and fine-quality vegetable were much more than last year.

—Township enterprises was brisk in both production and sales. The gross industrial output value earned at the township level reached RMB [renminbi] 533.89 billion, a rise of 50.4 percent, taking inflation into account, the actual increase was 41.9 percent. The sales value was RMB 473.41 billion, 44.3 percent up.

Farmers' cash income increased clearly with their per capita cash income reaching RMB 550 in the first half of this year, RMB 134 more than the same period of last year, taking inflation into account, the actual increase was 13.3 percent. Owing to the raising of price for farming products, farmers' per capita cash income earned in sale of agricultural and sideline products was RMB 268.2, RMB 64.9 more than the same period last year, the highest growth in recent years.

### Coastal Provinces Launch Campaign To Help Poor Areas

OW0708123194 Beijing XINHUA in English 1200  
GMT 7 Aug 94

[Text] Nanjing, August 7 (XINHUA)—Economically developed coastal provinces have launched a campaign to aid poverty-stricken areas under their jurisdiction.

To improve their economic power and reduce the gaps between the prosperous regions and comparatively poor ones, the provinces have spent a large amount of money helping the less privileged areas.

Since 1986, 23 cities and counties with an annual financial revenue of over 30 million yuan (about 3.45 million U.S. dollars) each in Fujian Province have donated to 23 poor regions, including Longyan and Ningde counties.

In early 1993 nine coastal counties in the province, each with an financial revenue of more than 100 million yuan began to carry out exchanges with nine poverty-stricken counties in capital investment, resources, technology, information and professional people.

So far, such counties in Fujian have reported a 19 percent increase in local revenue, and the province's financial receipts jumped to 10 billion yuan last year.

The provincial government in northeast China's Liaoning Province passed a resolution in 1986, deciding to aid the economically backward areas in the eastern, northern and western parts of the province.

Some 3,872 officials from the provincial government have formed a work team to aid the poor areas together with local administrations.

Following a large-scaled survey and research into poor areas, the work team has helped raise 1.59 billion yuan to support 3,931 industrial projects.

As a result, these projects have turned over profits and taxes totaling 690 million yuan, and the number of people in difficulty has been cut by 2.13 million over the past eight years, according to statistics.

In east China's Jiangsu Province the prosperous southern region co-operates with the northern areas in a package of new projects, by taking advantage of the advanced technology, management experience, abundant liquid capital and professionals in the southern part of the province and materials, labor and resources in the northern part.

One example is a color printing company jointly financed by Shuanggou Township in the northern part of the province and Jiangyin city in the southern part in 1992. Now the company generates over more than 2.5 million yuan a year in terms of output value.

Besides promoting exchanges of professionals and technology between the rich cities and poor areas, east China's Shandong Province has sent officials from its

economically developed eastern region to work in the poverty-stricken northwest and southwest counties.

To foster more professionals in the booming Zhujiang River Delta, south China's Guangdong Province has trained farmers from its northwest mountainous region through contracting projects in the delta.

Economists here said that this poverty-reducing campaign has not only helped poor areas to prosper but has also speeded up industrial restructuring in wealthy regions.

### 'Spark Program' Yields Results

OW0808101794 Beijing XINHUA Domestic Service in Chinese 0151 GMT 8 Aug 94

[By reporter Lin Hongmei (2651 4767 2734)]

[Text] Beijing, 8 Aug (XINHUA)—According to information provided by the State Science and Technology Commission, more than 26,700 projects under China's "Spark Program" have been completed. Last year, with a total output value of 172.82 billion yuan, they generated 37.87 billion yuan in profits and taxes. The total amount of foreign exchange created and saved by the projects was 1.4 billion yuan. This demonstrated the might of science and technology as the "primary productive force."

China began to implement its Spark Program in 1986 by organizing scientific and technological personnel to help peasants develop village and town enterprises in the countryside in accordance with the principle of industrializing and urbanizing rural areas. According to the latest State Science and Technology Commission statistics, since the launching of the Spark Program, the government has invested more than 46 billion yuan in organizing over 50,000 projects. The technological level of village and town enterprises will rise considerably when these projects are completed and put into operation.

To exploit the advantages of areas where village and town enterprises are developed, the state has set up 43 national Spark technology-intensive zones, which have been serving as models for the localities and the nation in developing productive forces through the application of new and high technologies. For example, 15 "Spark enterprises," each with an output value exceeding 100 million yuan and profits and taxes topping 10 million yuan, have been set up in Zhejiang Province. According to Zhejiang Science and Technology Commission investigation, more than 90 percent of the village and town enterprises that have undertaken Spark projects are thriving, with output value, profits, and taxes increasing yearly.

In recent years, the number of Spark projects in underdeveloped areas in the northwest has increased. Last year, the number of such projects has increased by a large margin in such provinces and autonomous regions as

Inner Mongolia, Guizhou, Shaanxi, Gansu, Xinjiang, and Tibet. In Kashi Prefecture, Xinjiang, where a Spark project to plant high-quality and high-yield grain and cotton has been launched, scientific and technological personnel have introduced technology in the fields and to the doorsteps of minority people. As production increased considerably, the peasants welcomed the project.

Centering on the implementation of Spark projects and the popularization and dissemination of technological results, various localities have been concentrating on technological training, thus improving the quality of their labor force. Last year, more than 6.7 million rural personnel of all types were trained throughout the country, surpassing the total number of people trained in the Spark Program under the Seventh Five-Year Plan. Since the launching of the Spark Program, some 20 million rural managerial personnel and applied technology personnel have been trained throughout the country. This has improved the situation in which trained personnel in village and town enterprises are insufficient and their technology and management are backward.

### Lamas Engaged in Commercial Activities

OW0708095894 Beijing XINHUA in English 0849 GMT 7 Aug 94

[Text] Xining, August 7 (XINHUA)—In the eyes of laymen, monks and lamas must have a calm mind and no earthly desires, but the concept is changing in present-day China.

Wangdai, 24 years old, is a lama with the Labu Monastery in Chindu County of the Tibetan Autonomous Prefecture of Yushu, northwest China's Qinghai Province.

Except for reciting scriptures with other lamas during major Buddhist services, Wangdai spends most of a year's time in travel high and low across the country in a carefully-decorated Dongfeng Brand truck to buy commodities for a shop owned by the monastery.

Labu Monastery is an influential religious center located high on the Qinghai-Tibet Plateau. Besides its great religious influence, the monastery has a long tradition of being engaged in commercial activities.

According to early records, the monastery had its own caravan and a team of yaks, and its commercial and trade activities extended as far as overseas.

Local officials in charge of the management of national minorities and religious affairs said that monasteries of Yushu Prefecture have vigorously engaged in economic and commercial activities over the past years, as the local government has adopted a series of preferential measures to encourage them to realize the target of supporting themselves by means of production.

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Monasteries in Yushu Prefecture may enjoy preferential treatment in getting loans and in taxation, as well as receiving consultations and other professional guidance from local governmental departments needed in starting economic activities.

As a result, more than 130 temples and monasteries have all launched economic undertakings such as shops, inns and clinics of Tibetan medicine.

Most of these temples and monasteries have now been equipped with modern transport vehicles. More than half of the religious staff of the sacred centers have become engaged in year-round economic activities. Economic returns from such undertakings greatly surpass the money donated by worshippers.

With support from the local government, the Labu Monastery stands out by having opened a new store in the local township seat and having established offices for purchasing and marketing in garze county of Sichuan Province, Qamdo Prefecture and Lhasa of Tibet and Xining, provincial capital of Qinghai Province.

These stores and offices of purchasing and marketing play a big role in circulating locally produced farm products and livestock products to outside customers and bringing back daily necessities and other practical arts and crafts for local farmers and herdsmen.

The officials said the practice of monasteries engaging in economic and commercial activities has not only enhanced the economic strength of the monasteries and temples themselves and reduced the burden of religious believers, but also stimulated the circulation of commodities in remote and backward pastoral areas.

Residents of the Xilaxiu herdsmen's village and other herdsmen's settlement centers situated high up among the mountains of Yushu Prefecture once had to use a half month riding on horseback in order to buy some brick tea and salt. The recent establishment of a shop in the village by Longxi Monastery is gradually helping the village herdsmen and nearby residents to get daily necessities without having to suffer travel fatigue.

On the vast pastures, numerous ads of different shops now appear on the long narrow flags fluttering above major buddhist ceremonies.

Religious believers and worshipers will hardly forget to do some shopping after the worship services are over.

#### **Article Views Tax Reform's Effect on Distribution**

HK0508133894 Beijing RENMIN RIBAO in Chinese 1 Aug 94 p 5

["Talk on Flash Point in Reform" column by Jin Xin (6855 9515): "Talk on Changes in Distribution Pattern After Tax Reform"]

[Text] It has been half a year since the new tax system was put into practice. Through giving it extensive publicity and after several months of practice, we can say that the new tax system is beginning to operate smoothly and steadily. But, to a certain degree, tax reform has some impact on the original interest distribution structure and the influence brought about by the changes in the distribution structure cannot easily disappear within a short time. Therefore, it appears extremely important to properly handle questions of interest gains and losses.

**Tax reform is an important measure for China to establish a new socialist market economic structure. Its very goal is to meet the needs of the market economy, adjust to the changes in the national income distribution structure, standardize the forms of distribution, straighten out distribution relationships, form rational distribution mechanisms, and promote the sustained, speedy, and healthy development of the national economy. In order to achieve this goal, tax reform follows a basic principle: "A unified tax law and the fair sharing of tax."** In specific practice, this is mainly embodied in: First, we have changed the former practice that indirect taxes were mainly categorized according to products and different tax rates were fixed according to tax items and have generally imposed standardized value-added taxes in the production and circulation sectors and unified the two indirect tax systems for Chinese-funded enterprises and foreign-funded enterprises. Second, we have unified the income tax systems for Chinese-funded enterprises and standardized the relationship of profit distribution between all types of enterprises and the State.

#### **So, how did tax reform make changes in the original distribution structure?**

**First, the unified tax rates have increased the tax burden of some enterprises and lowered that of others.** Prior to tax reform, for historical reasons, the income tax rates for enterprises of different economic natures varied and the indirect tax rates for various products were different or differed widely. For example, the tax rates for capital goods could be as high as 20 percent and as low as only 3 percent. Under the conditions of a market economy, in order to promote fair competition, this situation has to be changed, that is to say, the tax rates have to be greatly simplified and integrated. In the case of value-added tax, a basic tax rate has to be fixed for the overwhelmingly majority of products. If the rate is fixed at 3 percent notwithstanding the higher rates, all enterprises will be happy because their tax burden has not increased. But this is obviously unrealistic as it is difficult to continue to maintain public finance. If a high rate is fixed notwithstanding the lower ones, enterprises will be unable to bear the burden. Therefore, **the principle for fixing tax rates is to generally maintain the original tax burden, that is, use a weighted average to determine new tax rates. In this way, products that are undertaxed will have their tax rates increased and those that are overtaxed will have their tax rates lowered accordingly, thus leading to changes in the original distribution structure among**

**enterprises and sectors.** The differences in the industrial structures of all localities give rise to changes in the distribution structure between these localities.

**Second, the standardized forms of distribution have considerably reduced the number of tax reductions and exemptions and have in particular canceled temporary tax reductions and exemptions for enterprises in difficulty, thus making a breakthrough in the original interest distribution structure.** Prior to tax reform, in addition to the fact that regulations or rules for all types of taxes generally had corresponding provisions for tax reduction and exemption, governments at all levels had power over the reduction and exemption of taxes for individual cases in keeping with the needs of economic development and policies and could also temporarily grant tax reductions and tax exemptions taking into account taxpayers' difficulties in production and management. In previous years, the various tax reductions and tax exemptions as well as the amounts of reductions and exemptions outside the tax law increased very quickly. We cannot deny that the appropriate and rational tax reductions and exemptions did play a positive role in helping enterprises resolve some real difficulties and in supporting production. But, all in all, tax reduction and exemption were to a certain degree out of control. This was shown by two things: First, reductions and exemptions out of competitive policies were becoming more and more numerous. As one granted one reduction or exemption, others vied to follow suit. As they had to encourage enterprises earning good returns and support those earning poor returns, it followed that the number of reductions and exemptions increased daily, while the effects of policies canceled one another out. In the continuing competition, there was no winner. The so-called allowances meant no allowances at all. It followed that the tax system was increasingly weakened and undermined and that tax bases were eroded daily and the forms of distribution were increasingly irregular.

Second, since all localities used different criteria for the examination and approval of temporary tax reductions and exemptions, the process was haphazard. It followed that tax reductions and exemptions were too numerous and incoherence and confusion occurred in the reduction and exemption of taxes. Some localities delegated the power of tax reduction and exemption to every lower level with the result that some provinces could have as much as several billion yuan of tax reductions and exemptions a year. The malpractices of some localities exceeding their powers by granting tax reductions and exemptions and contracting or falsely contracting to collect [cheng bao huo bian xiang cheng bao 2110 0545 2057 6239 4161 2110 0545] indirect taxes continued to swell despite repeated orders to check them. The above phenomena made fair competition in economic development out of the question. In view of this, the tax reform plan approved by the State Council clearly states: "With the exception of the tax reductions and exemptions provided for in the Tax Law, governments at all levels and departments at all levels must grant no more

reductions or exemptions." Some localities and some enterprises, however, find it difficult to adjust to the cancellation of tax reductions and exemptions.

We can see from the above that changes in the interest distribution structure are determined by the nature and characteristics of tax reform under the conditions of a socialist market economy. In other words, in order to realize the fair sharing of the tax burden, we will inevitably have to change the irrational vested interests. If the original distribution structure remains unchanged and if none of the vested interests can be dispensed with, it will be impossible to form mechanisms for fair competition. What meaning then does such reform have? Therefore, we should correctly approach the gains and losses caused by the changes in the distribution structure in the process of reform first from the plane of reform and out of consideration of the situation as a whole. The central authorities have repeatedly stressed that the overall task of the whole party and whole country for the year is to "seize the opportunity, deepen reform, expand opening up, promote development, and maintain stability." Tax reform is a component of this overall task. Similarly, in order to properly handle the new contradictions brought about by the changes in the distribution structure, it is also necessary to submit ourselves to this overall task and really resolve the problems in keeping with the demand of properly handling the relationship between reform, development, and stability and with concerted efforts.

The fiscal reform plan already clearly puts forward several important policy principles to avoid an unnecessary shock caused to economic development by the changes in the distribution structure. They include returning all the incomes within the base figures of the local authorities following the implementation of the system of dividing taxes between local and central authorities, using the method of first collecting the tax reductions and exemptions, which were there out of policy considerations and which have already been canceled, and then refunding them within a certain period of time so as to ensure a smooth transition, using the method of coordinating the reform of various types of taxes to alleviate the contradictions arising from the increases and decreases in the sharing of the tax burden between various sectors and various enterprises, and returning the amount by which taxes had been increased before tax reform to foreign-funded enterprises during the transition period. The purpose of all this is to gradually complete the changes in the distribution structure wherever possible. Since the new tax reform was launched, in view of the comparatively salient problems reflected in the course of practice, the state has further readjusted the real tax burdens on such commodities as "shopping basket" commodities, agricultural means of production, mineral products, and coal, and solved the problem that for technical reasons, a small number of industries and products had few tax reductions and yet shared a heavy tax burden. Facts prove that sticking to realistic policies and principles in the course of tax reform has a positive influence on promoting economic development and social stability.

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The development of the national economy has now entered the expected scope of macroeconomic regulation and control and tax revenue is maintaining a normal growth rate.

There is no denying that in addition to the universal problems which involved many large sectors and which have already been resolved by state policies, there is the problem of losses exceeding gains faced by a small number of enterprises in the changes in the distribution structure caused by tax reform, and this conforms to the normal result of the overall design of reform. Enterprises, whether their losses are greater than their gains or their gains are greater than their losses, should consider this an opportunity to quicken the readjustment of the product mix and the industrial structure, quicken technological progress, improve economic returns, and deepen enterprise reform. Western countries have this saying: Taxes are as certain as death. It describes the solemnity of tax law. Tax collection under the conditions of a market economy should be like this. Therefore, for the sake of the survival and development of their enterprises, enterprise managers must adjust to the new social distribution mechanisms as soon as possible, whether they gain or lose under the conditions of the new tax system. This is a practical and positive choice both for enterprises and for the country. It is more important that in particular the enterprises that did not bear a heavy tax burden and that find their tax burden increased since their tax reductions and exemptions were canceled change their idea of depending on the state and foster the idea of assuming sole responsibility for profits and losses; change the psychology of depending on the government and foster the idea of competition in the market; and change the wait-and-see idea and foster the enterprise spirit of independence and self-determination. We should see that the new tax system, the aim of which is to ensure fairness and standardization, offers good conditions for enterprises to pursue their goals in the market. Therefore, we believe with good reason that with the passage of time, tax reform will play a full role in positively promoting economic development.

#### Official Views Improving Income Tax Collection

HK0808093194 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1117 GMT 6 Aug 94

[Report on interview with Yi Yunhe, deputy director of the Income Tax Administration of the State Administration of Taxation, by Liu Hong (0491 4767); place and date not given]

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—Yi Yunhe, deputy director of the Income Tax Administration of the State Administration of Taxation, has disclosed that since the implementation of the revised personal income tax law in China this year, personal income tax collected and sent to the treasury in the first half of this year increased by a relatively big margin compared with the same period last year. However, viewed from the source of this tax, the collection situation is still unsatisfactory.

During an exclusive interview with this reporter a few days ago, this official, who has frequently published theses, made this comparison: Personal income tax in the whole of last year was 4.7 billion yuan, only 1.33 percent of the total industrial and commercial tax revenue. However, in developed countries, tax revenue from personal income accounts for 30 percent, 40 percent, and even 50 percent of total tax revenues. Data provided by the IMF indicates that tax revenue from personal income in some developing countries where the income level is quite low also accounts for about 10 percent of overall revenue. The planned industrial and commercial tax revenue this year is 400 billion yuan. If personal income taxes amount to 5 percent of this sum, this is about 20 billion yuan. If the percentage is raised to 10 percent, 40 billion yuan.

In making this analysis, Yi Yunhe said this was not fantastic talk. Since the policy of reform and opening up was implemented, the level of the people's overall income has risen correspondingly with the development of the economy, channels of income have constantly increased, the percentage of income other than wages is increasing, and a high-income stratum has emerged. According to statistics from departments concerned, there is over 300 billion yuan of cash in the hands of the people, and personal bank savings and other forms of investment amount to at least 1,000 billion yuan and more. The personal bank savings of self-employed businessmen, owners of private enterprises, and other high-income people account for 20.6 percent of total personal savings in banks, and cash in their hands accounts for about 60 percent of the total amount of cash in the hands of the people. The excessively high incomes of this minority of people should be regulated according to law. It can thus be seen that sources of personal income tax is not the question. The main problem at present is that the work of tax collection and management is lagging behind, which has resulted in serious personal income tax losses.

Regarding major difficulties in the collection and management of personal income tax, Yi Yunhe said that the first thing is that the income situation of members of society is not transparent, and, in particular, it is difficult to clarify the composition, channels, sources, and consumption means of the high-income stratum. At present, there is a large volume of cash transactions and cash payments between various localities, sectors, departments, organizations, and individuals. This has made it quite difficult to clarify incomes. The second thing is that provisions on punishment for the illegal activities of evading and refusing to pay personal income tax in the newly revised personal income tax law are not explicit and harsh enough and implementation of the law has not been efficient enough. The third thing is that publicity and explanations of the new tax law have not been universal or deep enough.

Yi Yunhe said: Since high-level state policymakers have made up their minds, and the World Bank, the IMF, and



other countries concerned are very interested in the use of modern computers in tax collection and management in China and have expressed their willingness to provide help in terms of funds, technology, and experience, the volume of personal income tax will increase by a big margin soon with the gradual improvement of supervision and control methods in tax collection and management if a computer network is used across China in the collection and management of personal income tax as soon as possible, a real-name bank savings system is implemented, and supplementary laws and relevant regulations are further improved. At present, the State Administration of Taxation is formulating interim measures to deduct and pay personal income tax on behalf of taxpayers and to personally declare and pay personal income tax. A series of corresponding and supplementary laws and regulations concerning punishment for evading and refusing to pay personal income tax will also be promulgated one after another. The legal system will be further improved.

He said: At present, compared with the value-added tax, which is the main item of taxation, personal income tax is an item of taxation whose volume is not very great. However, since it is based on the economic development level of the whole society, it will gradually increase and its function to regulate personal income will gradually improve.

#### **Bank of China Ranked 10th Largest Bank in World**

OW0508213094 Beijing XINHUA in English 2035  
GMT 5 Aug 94

[Text] Washington, August 5 (XINHUA)—The Bank of China has risen from the 17th largest bank in the world in 1992 to the 10th largest last year, the latest issue of the Fortune magazine reported.

The bank's profits, according to Fortune's latest listing of the 500 largest service companies in the world, were the third in the category of the 100 largest commercial banking companies in the world.

Fuji Bank of Japan was the largest commercial bank last year in terms of assets, at 538 billion U.S. dollars, followed by other Japanese banks ranking from the second to the eighth, the magazine said in its August 22 issue.

Credit Lyonnais of France ranked the ninth in terms of assets, at 337 billion dollars, in 1993. The Bank of China came the 10th, with total assets at 334 billion dollars.

The profits of the Bank of China totaled 2.13 billion dollars last year. Its deposits were 147 billion dollars, loans 121 billion dollars.

#### **Commentary Urges Enforcement of Tax Reform**

HK0508104694 Beijing CHINA DAILY in English 5  
Aug 94 p 4

[Commentary from the "Opinion" page: "Tax Reform"]

[Text] According to Finance Minister Liu Zhongli, China's financial reform is successful, as a new framework of taxation is shaping up and increasing revenues keep rolling into State coffers.

Since January 1 of this year, China has staged bold measures to correct the distribution pattern of revenues between the central and regional governments, the government and enterprises as well as the government and individual people.

Coupled with the banking reform, the financial reform is expected to break the neck [as published] of reforms at the macro level and it means a big step towards a socialist market economy.

The reform has not triggered off any big fluctuations, as some feared early this year. Smooth and sustainable is the economic growth in the first seven months of the year.

Inflation, which people thought could be a direct effect of fiscal reform, has not rebounded [as published] thanks to timely implementation of a tight credit policy.

Meanwhile, the State successfully issued 102.9 billion yuan (\$11.95 billion) of treasury bonds by the end of July, over-targeting the budget. This indicates people's confidence in the economy and reforms.

The new tax distribution system will help improve the relations between the central and local governments.

By putting enterprises of different ownerships on a par, the reform also creates a fairer environment for competition.

By conducting financial reform, China has no intention to increase foreign investors' tax burden. The reform is to gradually make China's fiscal system in conformity with that of the international community and link China with the world in trade and economy.

What have been achieved in the first half of the year indicates a smooth transition from the old fiscal system to a new one is well under way.

The successes will form conditions for the government to gear up for introducing a social security system nationwide and further re-vitalizing State enterprises, which are all scheduled for next year.

As the reform measures have proved plain sailing, the budget goal for the first half of the year is on track.

According to the Ministry of Finance, in the January-June period the nation registered revenues of 197.9 billion yuan (\$23 billion), up 22.6 percent from the corresponding period of last year.

During the same period, the national expenditures chalked up 27 percent to 197.3 billion yuan (\$22.95 billion), leaving a favourable balance of about 600 million yuan (\$71.4 million).

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Despite all this, it's too early to blow the trumpet, because hurdles still exist.

For one thing, State expenditure is increasing rapidly. For another, the financial situation at the county level is tough.

In the second half of the year, it is of vital importance to boost revenues and curb expenditure. Institutional buying must be strictly controlled.

Greater efforts must be made to effectively enforce the new tax system, the potential of which is still to be exploited.

It is also urgent to strengthen tax collection, enhance the enforcement of the new tax law and fight tax evasion.

Only thus can we ensure the final success of the financial reform.

### **Beijing Court Begins Hearing Disney Copyright Case**

HK0508104494 Beijing CHINA DAILY in English 5 Aug 94 p 3

[By Liang Chao: "Disney Files Suit Against Publishers"]

[Text] The Beijing People's Intermediate Court (BPIC) began hearing on Wednesday a copyright case filed by the Walt Disney Company against three Chinese publishing houses.

This is the biggest copyright case filed by an American company in China so far this year, according to a reliable court source.

No decision on the case has been made. More hearings will be held before a verdict is handed down, Su Chi, presiding judge of the Intellectual Property Court under the BPIC, told CHINA DAILY.

Disney is suing the Beijing Publishing House, the Beijing Children's Publishing House and the Beijing Publisher under the Xinhua Bookstore for compensation for allegedly infringing the copyright of nine picture-story books.

The publishing houses published and put on sale 300,000 Chinese copies of the books in 1991, 1993 and 1994, Su said.

Disney is asking for 670,000 yuan (\$77,000) in damages and for the publishing houses to stop printing the books.

The publishers claim the books were published under an agreement signed by a publishing house named Grand World Publishing Corporation, which allegedly signed a publishing contract with a Hong Kong-based British corporation.

### **Report on Antismuggling Efforts Jan-Jun '94**

OW0608153994 Beijing XINHUA in English 1511 GMT 6 Aug 94

[Text] Beijing, August 6 (XINHUA)—The Chinese armed police in frontier areas cracked 299 smuggling

cases, capturing 257 smuggling vessels at sea, in the first half of this year, according to the Frontier Defense Bureau of the Ministry of Public Security.

Of the 257 vessels, 24 were foreign ones.

An official of the Bureau said that the value of smuggled goods confiscated by the frontier guards reached more than 600 million yuan.

He said that the contraband consisted mainly of cigarettes—157,435 boxes, an increase of 11 percent of the previous six months.

Most of the smuggled cigarettes were found in Fujian, Zhejiang, Hebei, Liaoning and Hainan Provinces.

In addition, by the end of June the armed police had confiscated 32,665.8 grams of heroin.

Counterfeit currency is another growing headache for the border guards. On March 9, the armed police corps in Fujian Province seized six million yuan in fake renminbi, and on June 3, 18 million yuan of the fake money was seized by Guangdong armed police.

The official said that the frontier guards of the armed police have enhanced their co-operation with the neighboring countries of Japan, the Democratic People's Republic of Korea, Mongolia, Russia, Myanmar [Burma], Kyrgyzstan and Kazakhstan in order to halt incidences of smuggling and drug trafficking.

### **Trade Official on Drop in Foreign Investment Contracts**

HK0708082094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 1

[By Wang Yong: "Contract Drop Leads To Greener Pastures"]

[Text] The three-year surge in foreign investment contracts has slumped, but not to the point where it will hurt China's image as a magnet for international capital, a top trade official said.

"Foreign investment in China is being reconfigured in favour of basic industries, infrastructure and other key State sectors," said Jiao Sufen, director-general of the Foreign Investment Administration at the Ministry of Foreign Trade and Economic Cooperation (Moftec).

New foreign investment contracts slumped in the first half this year by 42 per cent compared with the corresponding 1993 period, primarily due to the curbs on real estate speculation.

Promised foreign investment over the same period dropped 25.3 per cent to \$44 billion.

About 38 per cent of new foreign investment contracts last year concerned real estate development. In some areas, the rate was over 50 per cent.

However, the real estate market has cooled down since the government imposed a value-added tax on land use earlier this year.

The restriction was part of the government's plan adopted in July last year to avert a national bubble economy.

"It's no surprise to see new contracts going down as the real estate business in China shrinks," Jiao said.

The elimination last year of preferential tariffs on car imports by Sino-foreign joint ventures also helped slow the pace of contractual investment.

The policy that joint ventures can import cars tariff-free resulted in a growing number of bogus joint ventures that had no foreign investment at all.

Most of these so-called "joint ventures" were really wholly Chinese-owned and accounted for about 10 per cent of the projects registered as foreign-funded in a number of regions in the past two years.

"The policy change has naturally rooted out these ventures, causing a superficial decline in overall contractual investment in China," Jiao said.

Another reason for the slowdown in pledged foreign investment has been a lack of funding on the Chinese side.

Jiao said the flood of foreign capital in 1992 and 1993 left China unable to pool a comparable amount of renminbi.

"China is a developing country. It can't dish out as much as foreign partners to make a joint venture float," she said.

But now foreign investment is flowing in at a rate that Chinese financiers can handle, she said.

And the structure of foreign investment has changed as well, marked by the massive landing of multinationals.

The German Hoechst Corporation recently invested several dozen million US dollars to set up three chemical plants in southeast China. The government has also approved Hoechst's application to set up a wholly owned holding company in China for long-term investment.

General Electric of the United States is close to finalizing a number of joint ventures for making power station equipment and household appliances.

The U.S. Whirlpool Company has discussed with more than 30 Chinese partners about the establishment of joint ventures making household appliances.

The average input in a foreign-funded project from January to June increased to \$1.7 million from \$1.3 million at the end of last year.

Partly due to the enthusiasm of multinationals in China's basic industries and infrastructure, the actual delivery of foreign capital in the first six months grew 55 per cent the same period last year to \$14.7 billion.

"It's marvelous progress if we consider the large base of foreign input last year," Jiao said.

She said that after 15 years of development, foreign investment in China has entered into a maturity period with steadier growth.

### Foreign Government Loans Play 'Big Part' in Development

OW0508111694 Beijing XINHUA in English 0850 GMT 5 Aug 94

[Text] Beijing, August 5 (XINHUA)—China started to use foreign government loans in the early 1980s, and the loan money has played a big part in the country's economic development.

Over the past 15 years, Beijing used 85 batches of foreign government loans and donations, worth a total of 820 million U.S. dollars, the Beijing-based INTERNATIONAL BUSINESS [GUOJI SHANGBAO] reported.

Fifty-four projects using foreign government loans, worth 137 million U.S. dollars, have been completed and another 19 projects involving 611 million U.S. dollars are being constructed, the newspaper said.

These foreign government loans came from 14 countries including Japan, Italy, Germany, Sweden, Canada and Spain.

Beijing started to use foreign government loans in 1982 and before 1989 the loans went mainly to industrial projects, the newspaper quoted a Beijing municipal official as saying.

But later, Beijing increased investment in infrastructure, one of the focuses in economic development designated by the municipal government. More foreign government loans have been used in projects of water supply, electricity, natural gas and heat supply and road construction.

In Shanghai, the newspaper reported, the city had put into operation 58 projects, using 634 million U.S. dollars of foreign government loans by the end of last year.

The newspaper quoted an official from the Shanghai Municipal Government as saying that foreign government loans have helped strengthen infrastructure construction and improve the city's investment environment.

Also, the foreign government loans have helped advance the technology standards of the city's enterprises.

Finally, the loans have contributed to the upgrading of products which are more competitive in international markets.

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### Beijing To Strengthen Inspection of Imports

HK0708082194 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 2

[By Wu Yunhe: "Sneaky Imports Targeted in Safety Drive"]

[Text] China is imposing tough inspections on imported products in the domestic market this year.

Imported consumer goods such as TVs, air conditioners and cosmetics will no longer be put on store shelves without inspection by Chinese authorities, according to State commodity inspection officials.

The officials noted that the tough inspection drive will zero in on smuggled goods which aren't checked by Customs and don't pass the government's inspection.

"Imports without the safety label of the Beijing Import and Export Commodity Inspection Bureau, involving 303 kinds of products, will be banned from sales in the capital's market and will be prohibited from buying media for advertising," Wang Fengqing, the bureau's deputy director-general, said.

"Violators will be severely punished by both the bureau and the local commercial industrial administration," she added.

Other major cities of the country have also taken similar steps to strengthen their inspection over the imported products being sold on the local markets.

Chinese officials believe the drive will soon be carried out nationwide in the move to close the loopholes, through which smuggled low-quality goods have flowed into the country's major cities.

Most of the bogus products are packaged handsomely and usually branded with famous foreign trade marks.

Beijing started to carry out the inspection drive this month, following the steps of Shanghai, Hangzhou, Dalian, Kunming cities and provinces of Hainan, Sichuan and Yunnan.

In an initial step, the Beijing Import and Export Commodity Inspection Bureau will send officials to the capital's stores to carry out an on-the-spot inspection on six major kinds of imported products, Wang Fengqing said.

The six kinds of imported products include household refrigerators, colour televisions, video cameras, video cassette recorders (VCRs), air conditioners and toys.

But, she admitted that the on-the-spot inspection drive will be difficult,

because there are numerous small- and medium-sized stores in the capital city, besides the big ones like Civic Plaza and the Beijing Lufthansa Youyi Shopping Centre.

The Beijing municipal government will soon formulate a local law to give legal status to the city's inspection authorities to ensure smooth implementation of the drive.

Wang noted that the majority of the foreign-brand TV sets, video cassette recorders, air conditioners and video cameras sold in the capital's stores are imports through non-official channels. Some of these imports are often fake products.

Other official departments agreed that the situation is the same in other cities of the country, especially in the south.

In an official survey of 79 kinds of imported household electrical appliances sold in Beijing, 35 per cent were not inspected by the local inspection bureau and attached with safety labels.

### Quality Inspectors Help Traders Recoup \$600 Million

HK0808051994 Beijing CHINA DAILY in English 8 Aug 94 p 1

[By Wu Yunhe: "Trade Inspectors Help To Recoup \$600 Million"]

[Text] Chinese traders have recovered \$600 million in compensation for shoddy imports over the last five years thanks to a recent customs law, it was revealed at the weekend.

And \$1 billion worth of substandard exports have been stopped at ports since the 1989 Import and Export Commodity Inspection Law was passed. The State Administration for Inspection of Import and Export Commodities pledged continued vigilance at the borders to safeguard the nation's booming foreign trade.

The first half of the year has seen \$48.4 billion of exports up more than 30 percent over the same period of last year, while imports rose to \$49.2 billion, up 21 percent, according to the State Statistics Bureau.

Quality inspectors check goods at ports and issue licences to exporters and foreign importers. The safeguards have prompted domestic manufacturers to improve their technology and meet international standards, said the administration.

The administration has issued 173,000 quality certificates to exporting factories over the past five years. More than 7,300 food producers have been certified.

And some 180 foreign factories have been approved as licensed importers.

In another development, commodity inspectors announced they will help Sino-foreign joint ventures to reassess the value of contracted investments.

The aim is to crack down on foreign investors who have overstated the value of invested assets like equipment and machinery in order to reap a disproportionate share of profits.

The State Council and the State Administration for Inspection of Import and Export Commodities have formulated a raft of new rules to close loopholes exploited by profiteering traders.

The administration also released detailed figures over the weekend on the extent of its activities.

It has examined nearly 284.2 billion yuan (\$33 billion) of goods over the past five years, up 137.5 percent from the 1984-88 period.

Officials found nearly 148,000 shipments of substandard exports and nearly 66,000 consignments of shoddy imports during the 1989-94 period.

A recent nationwide survey, conducted by central government, confirmed the effectiveness of commodity inspectors at the ports in Shandong, Jiangsu, Guangdong, Hainan and Shanghai.

Inspectors issued 650 quality certificates to factories in 30 foreign countries, giving their products the "green light" to enter the Chinese market.

#### **Beijing World's 'Biggest' Wool Buyer in 1993**

*OW0508111594 Beijing XINHUA in English 0824 GMT 5 Aug 94*

[Text] Beijing, August 5 (XINHUA)—China has become the biggest wool buyer in the world, and its wool consumption last year took 20 percent of the world's total wool output.

According to a research report by the International Wool Secretariat (IWS), China surpassed Japan to become the world's number one wool buyer in 1993.

With its current growing speed, the report said, by the year of 2000, China's wool consumption will take 25 percent of world's total, while the annual consumption volume before 1980 was only 7 percent.

Two thirds of China's wool supplies are imports, half of which come from Australia, 25 percent from New Zealand and 10 percent from Uruguay. The rest are from Africa as well as some IWS member countries.

China imported 764 million dollars worth of raw wool in 1992. The figure will increase by 60 percent in the next few years.

The report said that in the past ten years, China, including Hong Kong and Macao, have become the fastest developing market among IWS member states.

The IWS, initiated by Australia, New Zealand, South Africa and Uruguay, entered China's wool market at the beginning of 1980s. At present, it is helping the country to raise its level in wool processing technology.

#### **Beijing To Tighten Control Over Tin Exports**

*OW0508135394 Beijing XINHUA in English 1302 GMT 5 Aug 94*

[Text] Beijing, August 5 (XINHUA)—China will tighten control over tin exports, according to an official at the Ministry of Foreign Economic Relations and Trade.

China will make controls on the overall export volume of tin and tin products stricter and list tin exports into the state's yearly export quota and licensing system.

Local economic and trade departments shall consider giving tin export quotas to capable and efficient foreign trade companies, the official said.

Foreign trading firms dealing with tin exports have to be admitted to the China Chamber of Commerce of Importers and Exporters of Metals, Minerals and Chemicals and subject to the chamber's overall coordination with regard to tin pricing and marketing.

Licences can only be issued in accordance with the ministry's export quota and coordinating prices provided by the chamber, the official said.

#### **State Drafts Plan To Develop Machinery Industry**

*HK0708083294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Aug 94 p 8*

[By Pei Jianfeng: "Ambitious Plan For Machinery"]

[Text] China is drafting a blueprint to build the machinery industry into a pillar of the national economy in 16 years.

The country hopes to encourage growth in the sector at a rate of 13 to 14 per cent annually through the year 2000, according to officials from the Ministry of Machinery Industry.

Machinery manufacturing is now China's largest industry, involving more than 100,000 enterprises. Output reached 364.6 billion yuan (\$42.1 billion) last year.

China's exports of machinery and electronic products amounted to \$22.7 billion in 1993.

By the year 2000, total output in the industry is targeted at 1,600 billion yuan (\$173.4 billion); output in 2010 is supposed to double the figure and account for a third of the country's total industrial output.

Officials want the industry to become the country's largest hard currency earner.

Machinery exports are expected to reach \$34 billion by the year 2000, accounting for 20 per cent of China's total exports.

The government hopes exports in the industry will amount to \$130 billion by the year 2010. Such a figure would make China one of the world's top 10 machinery exporters.

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Officials said the ministry will realize the ambitious target in two phases.

From now until the year 2000, China will make every effort to improve the quality and adjust the product structure in the industry.

From 2000 to 2010, the focus will shift to improving technical capabilities, strengthening research and developing the ability to set up large groups, officials said.

To improve production scale, large enterprises are encouraged to merge with small ones.

Officials expect China to have more than 30 large machinery companies by the year 2010 with annual revenues exceeding 10 billion yuan (\$1.16 billion).

The ministry will support the development of four key sectors: basic machinery, components, fully assembled equipment and automobiles.

Basic machinery efforts will include development of numerical control systems.

Domestic-made, numerically-controlled machine tools will command 70 per cent of the home market by 2000 and increase to 80 per cent by 2010, officials said.

Priority in the components effort will be given to hydraulic equipment, pneumatic tools, low-pressure electronics, bearings and metres. Complete equipment will be developed to support the expansion of the power, mining, metallurgical and petrochemical industries.

The automobile industry will concentrate on developing sedans, according to officials.

Officials said that the ministry will encourage competition in the industry as a means of ensuring the most efficient use and distribution of resources.

Computers and microelectronic technology will be applied to renovate traditional industries, they said.

China will also make use of overseas markets, resources and capital to boost the development of its machinery industry.

#### **Report Details Machine-Building Production for Jan-May**

OW0608033194 Beijing XINHUA in English 0225  
GMT 6 Aug 94

[Text] Beijing, August 6 (XINHUA)—China's machine-building industry made a steady increase of 13.46 per cent in May over the previous month, according to the latest statistics from the Ministry of the Machine-Building Industry.

In May China's machinery industry achieved a total industrial output value of 39.92 billion yuan (about 4.64 billion U.S. dollars), an increase of 530 million yuan over April this year.

During the first five months of the year the overall industrial output value of China's machine-building industry was 172.21 billion yuan, an increase of 8.6 percent over the same period of last year.

The sectors with the highest increase rates were the meters and instruments industry and the motor vehicle industry, increases of 21.2 percent and 14.2 percent, respectively, over the same period of last year.

Meanwhile, sales of machinery in the January-May period were 13.5 percent more than the same period last year. However, experts pointed out that the remaining problem was still the low production-sales ratio.

Between January and May this year the sales rate of China's machine-building products was at an average of 90.6 percent, 2.4 percentage points lower than last year. At the same time, the sales rate of China's overall industrial products was 92.4 percent.

In May the highest sales-production ratio was in the motor vehicle industry—94.67 percent. Following came rural machinery, and meters and instruments.

#### **Foreign Investors Support Auto Parts Industry**

OW0808112694 Beijing XINHUA in English 0900  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—In the past few months a dozen world-famous auto producers have vied with each other to sign agreements with China on co-operation in the field of auto part production.

The recent efforts made by the Chinese Government to support the development of its auto industry seem to have dispelled foreign investors' doubts about the prospects for China's auto market.

In July this year the Chinese Government published its newly designed industrial policy for the auto industry, which detailed measures to build the auto industry into a pillar of China's national economy by the year 2010. The development prospects for the auto industry and preferential policies for Sino-foreign co-operation outlined in the paper are considered very attractive to foreign auto producers.

The Auto China '94 fair held in June intensified foreign auto producers' competition for entering the Chinese market. During the exhibition 35 foreign auto enterprises displayed their best and latest products. The exhibition was actually a measure of their respective strength as far as penetrating the Chinese market is concerned.

China's new auto industry policy clearly defines that no new auto-assembly project will be approved until the end of 1995, but the production of auto parts will be encouraged. When the exhibition was still going on, the United States' Ford Company signed an agreement with the Shanghai Automobile Industry Corporation to set up an auto parts joint-venture.



Allied-Signal of the U.S., which is one of the world's ten-largest suppliers of auto parts, plans to inject 100 million U.S. dollars into China in the coming one and a half years to develop auto parts. So far it has signed letters of intent with the related departments of Shanghai, Guangzhou and Hebei, as well as the Dongfeng Automobile Company (Group).

The largest auto producer in France, Renault spent more than 200,000 U.S. dollars to display all of its new auto products. At present it is negotiating with China on a number of co-operative projects in the field of auto parts. Negotiations on an engine project are also underway.

Many other auto producers, such as Fiat of Italy, Samsung and Hyundai of the Republic of Korea, General Motors of the U.S. and Mercedes-Benz of Germany, have set up or are preparing to set up auto-part joint ventures with China.

Along with its rapid economic development, China's demand for automobiles has been on a constant increase. Official predictions show that this year China will produce more than 1.4 million automobiles, an increase of some 15 percent over last year, and the country aims to produce three million automobiles by the year 2000.

Experts said China's auto industry is ten to 20 years behind the world's big auto-producing countries. To build the auto industry into a pillar industry, China must import advanced products and technologies.

The Chinese Government has definitely announced that only those who undertake to help China develop its own auto industry will be allowed to enjoy entry to the Chinese market, and the technologies they bring to China must be of internationally advanced level.

China's long-term target is to construct a few large motor groups with the capability of product design, engineering design, manufacturing and assembling. This will provide opportunities for foreign auto producers and investment companies to co-operate with China in the auto-parts industry and other related industrial fields. It is predicted that by the year 2000 China's auto-parts market will be valued at 5.7 billion U.S. dollars.

Foreign auto producers all show confidence in edging into the Chinese market. The deputy president of Renault said that "we have strong financial power, advanced technologies and the latest designs, so we will surely succeed in China."

A Ford official said, "we began to make efforts one year ago to enter the Chinese market, and now we have a place here. In the years to come we will actively seek co-operative opportunities to participate in China's auto industry development."

The foresighted lucky ones such as Volkswagen of Germany and Citroen of France established auto-assembly joint ventures in China several years ago, and now they have all become major auto producers here. Experts said

that the late-comers in the Chinese market like Renault and Ford will not be satisfied with producing only auto parts; after 1995 they will start eyeing the auto assembling industry.

### Automobile Parts Production Stressed in Jilin

OW0608125094 Beijing XINHUA in English 1239  
GMT 6 Aug 94

[Text] Changchun, August 6 (XINHUA)—Automobile parts have become leading products at a major Chinese automobile plant, the No. 1 Automobile Group Company in northeast China's Jilin Province.

The automobile plant, which produced 150,000 Audi sedans and other models of vehicles last year, is one of the largest automobile manufacturers in China.

So far, parts manufactured at the plant are widely used in China's other automobile plants. Some parts, like radiators and wheels, have been exported to other countries.

Parts production has been set by the government as a key sector in the development of the automobile industry. Some 25 kinds of parts have been listed as leading ones to be developed. Seven of them will be developed by the No. 1 Automobile Group Company.

Liang Zhenqi, a senior engineer in the planning department of the plant, said that a blueprint has been drawn up so that parts production will meet the demand when the plant can produce one million vehicles in the future.

Since 1985 the plant has spent over 800 million yuan on import of advanced technology and key equipment from Germany, the United States, Japan and Italy. As a result, its parts production scale has been expanded and its technical level is among the top in China.

In addition, two specialized institutes specializing in the study of radiators and wheels have been established. All subsidiary factories have set up new products laboratories or workshops so that new models will be developed.

The managers of the plant said they are willing to co-operate with their foreign counterparts in the production of automobile parts. In this regard, many foreign businessmen have already started talks with the plant.

### Ministry Uses Overseas Funds To Enhance Communications

OW0708130794 Beijing XINHUA in English 1234  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—China's Ministry of Posts and Telecommunications (MPT) has used 4.9 billion U.S. dollars of overseas capital in upgrading the country's telecommunications facilities, according to an MPT official.

The money, mainly used to introduce program-controlled telephone exchanges, has been allocated to 31 provinces, autonomous regions and municipalities.

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The business of China's posts and telecommunications departments has witnessed high-speed growth in the past few years, the official said, with telecommunications business in 1993 increasing 59 percent over that of 1992.

Since 1983 the MPT departments have set up over 40 joint ventures, in which companies from the United States, Britain, Germany, France, Japan, South Korea, Belgium, Hong Kong and Taiwan have put nearly 300 million U.S. dollars, to make program-controlled telephone exchanges and other communications products.

By the end of last year, China's telephone installation rate had reached 2.2 percent, and the rate in urban areas hit 9 percent.

The official said that MPT departments hope to continue to use foreign loans in telecommunications construction in China's coastal, along the Chang Jiang River and border areas before the end of the century. Meanwhile, MPT will further support China's central and western regions with favorable foreign loans to improve their backward posts and telecommunications facilities.

#### **Foreign Funds Needed To Upgrade Chemical Industry**

HK0808052294 Beijing CHINA DAILY in English 8 Aug 94 p 2

[By Zhang Yuan: "More Hi-Tech for Chemical Firms"]

[Text] China has singled out foreign technology as one of key factors necessary to boost its chemical industry.

Cheng Siwei, Vice-Minister of the Chemical Industry, said the ministry has decided to strengthen its strategic studies and macro-controls by developing advanced technology and management techniques.

Speaking about the five key sectors of the industry which needed to be developed most, Cheng said:

- New foreign technology that can help reduce energy consumption and cut production costs was to be introduced in chemical fertilizers;
- Technology that can increase production and reduce pollution was to be made a priority concerning basic chemical materials;
- Synthetic chemical materials, such as resin, rubber and fibre, needed new technology that could increase production and produce high-grade products;
- The fine chemicals industry would focus on the introduction of applied technology for manufacturing new products on the world markets;
- Rubber processing industry would favour the advanced technology for producing radial tyres—the world's latest tyre production techniques.

Cheng said that cooperation could come either in the form of foreign companies teaching Chinese enterprises the new skills or setting up more high-tech joint ventures.

The ministry has established an Economic and Technical Committee and the China Chemical Industry Information Centre to enhance macro-control and strategic studies.

It is now preparing to establish the China Chemical Industry Economic and Technical Development Centre.

Cheng, a chemical expert, was appointed vice-minister in April this year and is now also chairman of the ministry's Economic and Technical Committee.

Cheng, who has an MBA from the University of California, said that the intellectual property rights of foreign technology would be protected by Chinese laws and regulations.

Cheng urged foreign investors to take a far-sighted view of cooperation with the Chinese chemical industry. He said investors should not be discouraged by one or two failures in certain projects because there will be plenty more opportunities in the future.

Cheng said that the growth of chemical industry should be higher than the national economy.

Cheng predicted that the chemical industry needed \$85 billion-worth of investment in the 1991-2000 period in order to keep pace with the growth of the national economy.

But domestic funding is not enough and cannot satisfy the demand. This leaves a great potential for foreign investment.

"That means lots of opportunities for foreign cooperation and investment in the chemical industry," Cheng said.

#### **State To Introduce Alternative Energy Program**

HK0508104294 Beijing CHINA DAILY in English 5 Aug 94 p 1

[By Wang Yonghong: "Rural Plan to Tap New Energies to Go National"]

[Text] A three-year experimental project to tap new energy sources in rural China has proved so successful that the government plans to go nationwide with it from the end of 1995, an agricultural official revealed yesterday.

The project, both energy-saving and environmentally friendly, was initially launched in 100 selected counties across the country, according to Bai Jingmin of the Department of Environmental Protection and Energy Development under the Ministry of Agriculture.

Backed by financial and technical support from both central and provincial authorities, the counties focused

their efforts on developing such energy sources as wind, solar and bio-gas power, while designing new fuel-saving stoves for rural households.

"The project was prompted by the faster-than-ever rural economic growth, which has caused rural energy consumption to spiral in recent years," Bai said.

Last year, energy consumed in rural areas amounted to 325 million tons of standard coal, accounting for 32 percent of the country's total.

Forty per cent of this power was used for agricultural and industrial production, according to Deng Keyun, deputy director of the department.

Moreover, power consumption in rural areas is growing at 9 percent annually, surpassing the country's energy growth rate, she added.

"It is imperative for rural areas to tap and make best use of rural energy resources such as bio-gas, solar energy, water power, wind power and bio-energy while developing energy-saving practices in order for rural communities to be self-sufficient in terms of their energy requirements, whether household or industrial," said Deng.

To encourage adoption of the project, central government offered some preferential policies and special funds to those counties that tapped new energy resources.

A total of 11.3 billion yuan (\$1.3 billion), from central government loans and local fund-raising, has been injected into the project over the past three years.

In the last two and a half years, the project has succeeded in saving and generating energy equivalent to 80 million tons of standard coal per year—through the widespread use of solar cookers, methane-generating pits, firewood or coal-saving stoves.

### Post, Telecom Ministry Draws Up Five-Year Blueprint

HK0608071994 Beijing ZHONGGUO XINWEN SHE  
in English 0541 GMT 6 Aug 94

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—The Ministry of Posts and Telecommunications upheld its development of communication service and confirmed its target for the Ninth Five-Year Plan period, based on great effort in striving for fulfillment of the current Eighth Five-Year Plan a year ahead of schedule.

Further exploitation set for the next five-year plan is centred on telecommunications service which will try to reach a total capacity of 140 million telephone lines across the country. The long distance telephone service will cover 1.94 million lines and a trunk network for such service will be exploited so as to cover provincial capitals across the country and link the international optical-fibre transmission network. Popularity of telephone will reach eight percent nationwide and 30 to 40 percent

citywide. It is possible that each urban household can be equipped with a telephone set and the installation of telephone is possible within one month following the registration. On rural area telephone communication is available in all villages. Mobile phone will cover cities and most of counties. Automated telephone service will also be available across the country. The switchboard network will be made possible in 90 percent of cities and counties and a digital or data network in 60 percent of them.

On postal service, priority will be given to swift delivery of mail while capability of mail flow will be strengthened in a bid to build up an express mail trunk network which involves air mail service and long distance delivery by using heavy duty mail vehicles. A computer network is established for special express delivery service, publication of journal and dispatch of postal delivery. Automation of sorting for letters and parcels separately will be possible in provincial capitals and in main cities. Comprehensive postal business will be carried out in medium- and large-sized cities while personal computer will be widely used in this sector. A system of postal centre will be set up to promote the postal service. The general volume of mail handled by the postal communication service is set for an annual growth of 2.2 percent and revenue from such service for an annual increase of 21.2 percent.

### Stock Issues To Raise Funds for Three Gorges Project

HK0608080294 Hong Kong MING PAO in Chinese 16 Jul 94 p A11

[By staff reporter Chu Chou (2612 5297): "Gezhouba To Float Shares To Raise Funds for Three Gorges Project"]

[Text] China's Three Gorges project is going smoothly. The closure of the first-phase cofferdam project on the right (southern) bank of the Chang Jiang was completed at the end of June; the first-phase cofferdam project on the northern bank has already started. The departments concerned plan to turn the completed Gezhouba hydropower plant into a joint-stock company and float shares abroad to raise funds for the Three Gorges project. When visiting Germany a few days ago, Chinese Premier Li Peng held talks with the German side on importing power generators for the Three Gorges project and on matters of cooperation.

An official of the Three Gorges Project Development Corporation told this reporter in Hong Kong yesterday that to raise funds for the Three Gorges project, the company—along with the State Council's Securities Commission—plans to turn the corporation's Gezhouba power plant into a joint-stock company and to float shares abroad.

The official said: The transformation into a joint-stock system is still in the planning stage and is expected to be completed this year. The complete 2 billion yuan in



profits made by the Gezhouba power plant last year was handed over to the Three Gorges Project Development Corporation for the use of the project. He said: As the power plant is one of the state's lifeline enterprises, the state will hold the controlling shares. Therefore, the stock rights sold to the market will not be over 49 percent and are likely to be much smaller than this ratio.

The official added: The Three Gorges project is progressing smoothly. The first-phase cofferdam project on the right bank was completed at the end of June, less than a year after it was begun. The first-phase cofferdam project on the left bank is under way. The second-phase cofferdam project in mid-river is expected to start in 1997. He also disclosed: The work of resettling people also is progressing smoothly. The removal of over 10,000 people living in the 15.28 square-km project dam area will be completed this year. The work of resettling people from the reservoir area, which will be inundated as a result of the project, will be launched gradually, along with the progress of the project. The cost of resettling people accounts for a quarter of the 95.4 billion yuan investment in the project as a whole. Of the 5 billion yuan used this year, funds for transmigration amount to 1 billion yuan. He stressed that not only will the livelihood of those affected by the project be guaranteed, but they also will be provided with the necessary conditions to develop production.

With regard to the operation modes of the project, the official said: The Three Gorges Development Corporation is the proprietor of the Three Gorges project, but it will apply the method of inviting and submitting tenders for specific projects. The construction work is not open to the outside world, but Premier Li Peng consulted with relevant quarters on generating sets and other equipment when he visited Germany some time ago. It has been initially decided that the first generating sets will be imported, but that future equipment will be made in China with imported technology.

Touching on the recent popular interest in touring the Three Gorges in the wake of the project, the official said with a smile: In fact, the project does not seriously affect the scenery in the Three Gorges. After the completion of the project, the headwater level in the big dam will rise by only 100-plus meters. This will not adversely affect most scenic spots. The popular interest in visiting the Three Gorges is merely the result of businessmen's successful promotion gimmicks.

#### **Official Says Cities Suffering Water Shortages**

OW0708133494 Beijing XINHUA in English 1245  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—Despite efforts to boost water supplies during the past 15 years, more than 300 out of 500 Chinese cities run out of water, with 100 of them suffering severe shortages, according to Li Zhendong, vice-minister of construction.

The vice-minister said that during the past decade, governments at all levels have been writing urban water supply plans into overall national economic and social development programs.

Within the past 15 years, 29.95 billion yuan (about 3.48 billion U.S. dollars) has been spent on water supply projects.

By the end of 1993, China's daily urban water supply was 192 million cubic meters for 240 million urban residents, not including the floating population.

Meanwhile, China has completed several huge water diversion projects and some others are well under way. Many of them have used loans from foreign governments or financial institutions.

#### **Official Speaks on Comprehensive Agricultural Development**

OW0608135594 Beijing XINHUA Domestic Service in Chinese 0946 GMT 5 Aug 94

[By reporter Lin Hongmei (2651 4767 2734)]

[Text] Nanchang, 5 Aug (XINHUA)—Li Yanling, vice minister of finance and director of the State Office for Comprehensive Agricultural Development, stressed during his recent inspection tour of comprehensive agricultural development in Jiangxi: Under the present circumstances, our attention should be focused on upgrading farmland that now provides only low or medium yields, and on reclaiming undeveloped lands suitable for farming. Our principal goals should be increasing the output of major agricultural products like grain, cotton, edible oil, meat, and sugar, and strengthening agriculture for continued growth. These are the main directions of attack and at no time should we overlook, waver, or deviate from them.

Comprehensive agricultural development is a major strategic step taken by the state to promote agricultural production. The State Council set up an agricultural development fund in 1988 to implement comprehensive agricultural development on a large scale and to increase the production of grain, cotton, edible oil, meat, and so forth by way of gradually expanding cultivated lands, upgrading farmland that now provides only low or medium yields, and improving the conditions of agricultural production. In line with the principle of selecting good projects and concentrating resources on developing tracts of arable land, areas covered by the program have gone all out with comprehensive development, and have achieved marked progress in terms of economic, social, and ecological benefits.

Speaking of the problems that have cropped up in the course of comprehensive agricultural development, Li Yanling outlined the following demands: First, we must clearly define and cling steadfastly to the main directions of attack. With this as a precondition, we should make appropriate use of agricultural development funds to

develop enterprises that will play a leading role in bringing about local agricultural development. Second, persisting in high standards and strict requirements, Li Yanling said: Comprehensive agricultural development differs from regular farmland development in that it is a huge set of complicated systematic projects. We should concentrate resources on developing tract after tract and make comprehensive efforts to improve the hills, water facilities, farmlands, forests, and roads. Construction should be carried out in line with standards of modern agriculture and specific requirements and targets should be set for each project. Projects should be accepted after careful examination in accordance with established standards. Third, development funds must be allocated in timely fashion. The central treasury has allocated all the development funds for this year, but some localities have so far failed to come up with their supporting funds. We must change this situation as quickly as possible.

Li Yanling also noted that some of the central government's investment in agricultural development that has to be repaid will mature this year. Localities must return—in full and on time—the matured investment so that the recovered funds can be used again on comprehensive agricultural development.

#### **Agricultural Bank Releases Figures for First Half**

*HK0708073594 Beijing CHINA DAILY in English 6 Aug 94 p 2*

[By Wu Yunhe: "Agricultural Loans Back Rural Economy"]

[Text] The country's leading rural investment bank continued to be the largest source of funds for rural industries this year.

The Agricultural Bank of China has granted a record 5.83 billion yuan (\$678 million) in loans to rural industries in the first six months of this year.

The figures show that it is responding to the government's call to help boost the rural economy through industrial development in the countryside, said a bank official.

During the January-June period, the bank's loans used for rural industries increased nearly 3.19 billion yuan (\$371 million) over the same period last year.

The bank has adopted a lending policy that gives credit priority to profitable rural firms.

The move aims to weed out low-performance enterprises.

But loans to fixed assets construction have been controlled to curb increasing investment, which the central government fears will further push up inflation in the country.

In the first half of this year, only one-third of the bank's loans to rural industries were for fixed assets construction.

The remainder were short-term loans provided mainly as working capital to help rural industries gear up their production.

Rural industries have become an important source of cash for farmers and jobs for unemployed labourers in the countryside. Their share of the national economy is growing fast as farmers-turned-entrepreneurs expand production and investment.

During the first six months of this year, robust and steady growth characterized the performance of China's rural industries, providing a welcome relief from the discouraging returns reported by the State-owned firms, said the Ministry of Agriculture.

The rural industries saw their output value reach 533.89 billion yuan (\$62 billion) during the January-June period, up 50.4 per cent from the same period a year ago.

Improving economic efficiency of the rural industries was reflected by their product sales, which totalled 473.41 billion yuan (\$55 billion) during the January-June period, up 51.8 per cent from the same period last year.

Such a sharp growth in output value needs strong financial support from the government and the country's financial institutions.

Rural industries have become the Agricultural Bank's major long-term clients, because they are a secure bet to repay the loans.

#### **Commentary Condemns Fraud in Cotton Business**

*OW0808072994 Beijing Central People's Radio Network in Mandarin 2230 GMT 7 Aug 94*

[Commentary from the "News and Press Review" program by station reporter (Cai Xiaoling): "Cut Off the Sinful Talons That Disturb the Cotton Business"]

[Text] In our economic life, some sinful talons are disturbing the cotton business. Some people are secretly adding all sorts of waste materials to cotton bales. They include sand, crushed stones, used gunnysacks, plastic, rubber, worn shoes, and even large rocks and bricks. A cotton textile mill in Zhejiang, which was on the verge of work stoppage, bought 10 metric tons of new cotton from Henan sometime after last Spring Festival. Soon after the cotton was fed into the machinery, it jammed the machine. It was discovered that almost all the cotton bales were mixed up with waste materials. Some bricks and stones mixed in the cotton completely destroyed the

machinery. The cotton textile mill suffered a loss of several hundred thousand yuan and its director was injured during the accident and hospitalized. This cotton textile mill is not the only victim.

According to a government department in charge, the worsening trick of mixing cotton with waste materials has caused huge losses to our country and enterprises. Some cotton textile mills in Nantong, Jiangsu, found that 70-80 percent of a cotton shipment from a Hubei county were mixed with waste materials. In some cases, as high as 90 percent of a cotton shipment had waste materials.

Cotton is an important commodity that has a bearing on the national economy and the people's livelihood. It is as important as food grain everywhere in the world. Then, why is such an important commodity mixed with waste materials? Greed.

Reduced cotton output last year has caused a short cotton supply in our country. So, some people blinded by greed are exploiting the situation to practice fraud. According to the Domestic Trade Ministry, since the end of 1993, some private textile enterprises and private companies, in disregard of government policy and regulations, have rushed to buy cotton and resell it for profit. Moreover, they mixed cotton with waste materials. They have forgotten moral principles at the sight of profits. While our economic life is disturbed by those who mix cotton with waste materials, some greedy purchasing agents have added fuel to the flames. A Shanghai cotton textile mill purchasing agent bought several dozen metric tons of inferior cotton from Shandong and received more than 20,000 yuan in kickbacks from the seller. He sought private gains at the expense of the state.

The cotton mixed with waste materials will damage machinery and equipment and disturb our country's economic order. The fraud has yielded a very bad political impact at home and abroad. Recently, the Central Commission on Politics and Law, the Supreme People's Procuratorate, the Supreme People's Court, and the Domestic Trade Ministry have issued a circular calling on all localities and departments to take immediate action to combat the crime of mixing cotton with waste materials. The circular unequivocally instructed all localities to step up investigation, speed up trials, pass verdicts on some typical cases as soon as possible, and punish the criminals harshly according to law.

This year's new cotton crops will be marketed soon. The State Council's leading comrade has clearly and definitely pointed out that the cotton purchase will not be decontrolled and it will remain the exclusive duty of supply and marketing cooperatives. People who mix cotton with waste materials and forget moral principles at the sight of profits have become a target of public condemnation. We believe that the socialist legal system's sharp sword will surely cut off the sinful talons that disturb the cotton business.

### Bureau Monitors Environmental Pollution in Tibet

OW0808073294 Beijing XINHUA in English 0654  
GMT 8 Aug 94

[Text] Lhasa, August 8 (XINHUA)—Southwest China's Tibet Autonomous Region is one of the least-polluted regions in the country.

The environmental protection bureau of the autonomous region has proved that by years of contamination monitoring.

An official from the Environmental Protection Bureau said that this is because that the nation has taken preventive measures when working on environmental protection in Tibet.

Statistics show that the central government has invested about eight million yuan (over 922,700 U.S. dollars) in infrastructure construction for environmental protection in Tibet.

Lhasa, capital of the autonomous region, is the center of politics, economy and culture in Tibet. Densely populated, Lhasa produces 90 percent of all waste gas and water in the region.

However, Lhasa is still one of the least-polluted cities in the country.

Tibet is short of coal and oil. Farmers and herdsmen burn dung, grass and wood for cooking and heating.

During the period 1990 to 1992, the Tibet Regional Government promoted a "sunlight plan" to protect the ecological environment and solve the problem of fuel.

The "sunlight plan" means making full use of solar energy, which is a rich resource in the region. The energy saved by widely using solar cookers and solar water heaters equals to 3,000 tons of standard coal. Experts estimate that Tibet's annual use of solar energy can amount to the saving of 30,000 tons of standard coal.

The work on environmental protection in Tibet started in the mid-1970s. The government and legislative body of the Tibet Autonomous Region drafted regulations and rules on ecological environmental protection. In 1993 a supervision group was set up to supervise the enforcement of these regulations.

Tibet, a region of 1.2 million sq km, abounds in natural resources. It has the largest forest reserves in the country—over two billion cu m—and more than one third of all the animals that are under the key protection of the state, or 125 kinds, can be found in Tibet.

In 1992 specialists found some 3,800 black-necked cranes when doing research in Tibet. It had been reported that there were less than 1,000 black-necked cranes left in the world.

The Tibet Autonomous Region set up six more nature reserves last year, with a total area of 289,900 sq km.



## East Region

### Jiangsu Secretary Attends Provincial CPC Plenum

OW0508131194 Nanjing Jiangsu People's Radio  
Network in Mandarin 2300 GMT 5 Aug 94

[From the "Provincial News Hookup" program]

[Text] The Eighth Plenary Session of the Eighth Jiangsu Provincial CPC Committee opened in Nanjing yesterday. Provincial CPC Secretary Chen Huanyou presided.

The meeting approved principles governing the composition of the Ninth Jiangsu Provincial CPC Committee and the Discipline Inspection Commission.

The principles governing the composition of the committee and commission stipulate that the candidates for membership and alternate membership of the provincial party committee and membership of the discipline commission be nominated in accordance with the policy of making the ranks of cadres more revolutionary, younger, better educated, and more professionally competent. In selecting the nominees, it is also essential to uphold the requirements of political integrity, professional competence, and rational structure. The candidates must possess good political qualities, be capable of earnestly implementing the party's basic line, have good organizational and leadership skills, dare to reform, are diligent and principled in work, honest and upright in work style, good at maintaining close ties with the masses, have an outstanding performance record, and are held in esteem by cadres and people alike. The principles also lay down specific requirements for the nominees in terms of age and speciality.

At the end of the session, Chen Huanyou called for stepped-up efforts preparing for the ninth provincial party congress in accordance with the principles governing the composition of the committee and commission. He urged party members and the general population across the province to greet the convocation of the ninth provincial CPC congress with new achievements in reform and construction.

### Jiangsu CPC Decides To Appoint Governor's Assistant

OW0608101794 Nanjing XINHUA RIBAO in Chinese  
25 Jul 94 p 1

[Unattributed report: "Provincial Party Committee Decides To Appoint Wang Min (3769 3787) as Governor's Assistant"]

[Text] Recently, acting on the provincial party committee's decision, the provincial government appointed Professor Wang Min, vice president of the Nanjing Aeronautics and Astronautics University, as assistant to the governor.

Comrade Wang Min is one of the new-generation Chinese-trained doctorate students. Having worked in the countryside and factories, he successively assumed posts as university lecturer, laboratory director, department deputy head, professor, secretary general for the president, and vice president. He is well versed in teaching and research. In 1991, he was selected as the national "recipient of Chinese-trained doctor with outstanding contributions award." Last year, he was approved as an advisor to doctorate candidates. The appointment of Comrade Wang Min as an assistant to the governor will help strengthen the provincial government's leadership over education.

### Jiangsu Inhabitants Strive To Combat 'Severe' Drought

OW0708153694 Beijing XINHUA in English 1512  
GMT 7 Aug 94

[Text] Nanjing, August 7 (XINHUA)—A total of 3.5 million cadres and local people of east China's economically developed Jiangsu Province have been fighting against a severe drought which has gripped the province since early June.

According to local officials, so far the drought has affected two million ha of farmland, with crops failing to grow on 66,700 hectares of farmland. More than 500,000 local people have difficulty in getting water to drink.

Local governments at various levels have concentrated manpower, goods and materials and a large sum of funds to help combat the drought.

Army men and officers, armed police stationed in Liuhe, Jiangpu and other counties of the province and local fire brigades have also mobilized a large number of vehicles to give a helping hand in the drought-fighting campaign.

### Shandong Arrests 25 Attempted Stowaways to ROK

SK0808011894 Jinan DAZHONG RIBAO in Chinese  
26 Jul 94 p 5

[Text] According to the report made by the masses, the Weihai coastal defense armed police detachment under the Shandong provincial coastal defense armed police force cracked down with one action on the case of illegal emigrants to the ROK on 5 July. It arrested 25 stowaway suspects. Shen Jidong, chief of the illegal emigration ring, was also caught.

Wang Tiangong, director of the Jingzi coastal defense station under the Huancui district coastal defense armed police force of Weihai city was informed by the masses on 4 July that there were a number of persons who were trying to hire a boat to board an ROK ship anchored in the Shidao Harbor at 1830 on 3 July. The information revealed the number of stowaway suspects to be between 20 to 40. Hiring a boat costs about 100,000 yuan. Upon hearing the report, Director Wang of the coastal defense

station reported the case immediately to the leadership of the city armed police force and the district armed police detachment. The coastal defense armed police detachment of Weihai city quickly arranged its forces to bring the boarding operation under control and at the same time, reported the case to the provincial armed police force. The detachment also learned that the leader of the illegal emigration ring was Shen Jidong, that the number of stowaway suspects are from 25 to 30, and that each of them was to pay 7,000 yuan Renminbi as emigration fees.

On the morning of 5 July, the coastal defense armed police detachment of Weihai city made firm arrangements among its officers and policemen and captured Shen Jidong along with stowaway suspects Jin Dongfu, Jin Shijun, and Pu Zhengyu (f), on the spot. That afternoon, Zou Bentao, chief of the armed police detachment who was in charge of the operation, and Yin Jiping, deputy chief of the armed police detachment, accompanied by other able officers and policemen, captured 22 stowaway suspects in one action by making use of the beeper carried by Shen Jidong from the hostel beside the No. 404 hospital of Weihai city. They also searched out 246,136.39 yuan Renminbi, \$20,265, 18,130 yuan of South Korean money, 590 yuan of Hong Kong currency, and a namelist from these stowaway suspects.

The case is being processed.

#### **Shandong Reports on First-Half Economic Achievements**

*SK0808021394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 6 Aug 94*

[Excerpts] The ninth meeting of the eighth provincial people's congress standing committee held its second plenum in Jinan on 6 August to hear relevant reports and explanations. Ma Zhongcai, vice chairman of the provincial people's congress standing committee, presided over the plenum. [passage omitted]

During the plenum Ni Yongkang, vice chairman of the provincial planning commission, delivered a report on implementation of the first-half of the 1994 plan for economic and social development.

In his report Ni Yongkang said: The province again created the highest output of summer grains this year. The total output of wheat reached 20.5 million tonnes and the province fulfilled the annual grain plan by 53.9 percent, showing a 250,000-tonne increase over the same period of 1993.

In the first half of this year, large and medium-sized enterprises across the province realized 10.44 billion yuan in profits and taxes that accounted for 70.7 percent of the total.

The province's volume of exported commodities in the first half reached \$3.51 billion, accounting for 50.1

percent of the annual plan, and showed a 28.4 percent increase over the same period of 1993.

The province's gross domestic product in the first half is expected to reach 160 billion yuan and to show a 17.1 percent increase over the same period of 1993.

Contradictions and problems currently cropping up in the economic life are as follows: There are more difficulties facing the province in reaping a bumper agricultural harvest this year. Economic results scored by enterprises are not ideal. The reserve strength of exports in foreign trade is insufficient. The overly speedy increase of commodity prices has become the focal point of the social crux. Discrepancies in the strained supply of funds are still prominent. [passage omitted]

During the plenum, (Bai Jiming), deputy director of the provincial finance department, also delivered a report on the implementation of the 1994 financial budget in the first half of this year.

In his report, (Bai Jiming) said: Except for Qingdao city, the province's financial revenues in the first half reached 4.421 billion yuan; accounting for 46.64 percent of the annual budget; and showed a 28.93 percent over the same period of 1993. The province's financial spending reached 6.431 billion yuan, accounting for 34.82 percent of the annual budget, and showed a 25.25 percent increase over the same period of 1993. The implementation of the financial budget as a whole has been better than anticipated. The province's financial work in the second half is to give priority to extending funds for wages and for the needs of developing key undertakings and to realize a balance between financial revenue and spending in the province as a whole.

#### **Shanghai Mayor Addresses Government Executive Meeting**

*OW0808095894 Shanghai JIEFANG RIBAO in Chinese 3 Aug 94 p 1*

[Unattributed report: "Promote Reform and Development in a Stable Environment; Huang Ju Urges Leading Cadres at Various Levels To Be Concerned About the Masses' Interests at All Times; Strive To Achieve Three Guarantees in August's Tasks"]

[Text] At the municipal government's 16th executive meeting (enlarged) held on 2 August, Mayor Huang Ju pointed out: This year is a year in which we double efforts to carry out reform and in which we see rather more contradictions arise. We should judge the hour and size up the situation in light of Shanghai's reality; continue to study the new situation; resolve new problems cropping up in forging ahead; have a good grasp of the best combination of reform, development, and stability; and make a success of reform, development, and stability.

Huang Ju briefly analyzed the situation of Shanghai's business operations in July. Huang Ju said: The current

state of business operations is good. Compared with those in the same period of 1993, all economic indicators have improved significantly; and Shanghai continues to maintain a good momentum for developing the national economy as a whole.

Speaking of the tasks in August, Huang Ju stressed: The August tasks are very crucial. We should strive to achieve three guarantees: first, we should pay close attention to marketing, industrial production, and foreign capital and trade to ensure sustained growth of various economic indicators; second, we should perfect and implement all reform schemes and measures according to schedule to ensure substantive progress in implementing various reform tasks with Shanghai characteristics; and third, we should make good arrangements for implementing such tasks as market prices, relocations, and flood and typhoon prevention to ensure stability of the whole society and create a fine social environment for reform, opening up, and development.

Huang Ju said: This year, Shanghai has done a meticulous job in maintaining social stability; and a new situation, in which reform, development, and stability promote and coordinate with one another, has been developed. However we should point out that currently the intensity of reform and difficulties encountered in development have increased markedly. Especially in August, there are many tasks in various fields to attend and the tasks are arduous. We should continue to handle such issues properly as relocations and market prices. In addition, we should take precautions against summer heat, prevent floods and typhoons, and carry out hygiene and epidemic prevention work. We should ensure smooth progress of reform and development in a stable social environment and do a great deal of meticulous work. Therefore, Huang Ju urged leading cadres at various levels to pay close attention to and take a personal hand in the tasks. The whole municipality should unite in action and deal with these tasks together. It is necessary to implement a responsibility system to ensure that responsibilities for various tasks are assigned to specific people. In short, leaders at various levels should always keep the people's immediate interests in mind; estimate difficulties beforehand; resolve problems at the grass-roots level; resolve contradictions while they are in the bud; and take the initiative to make a success of stability to maintain a good momentum for development and lay a foundation for implementing this year's various tasks in an all-round manner.

Vice Mayors Xia Keqiang and Meng Jianzhu have made concrete arrangements for relocations, flood and typhoon prevention, market prices, and helping the needy in society. Also attending the meeting were Vice Mayors Xu Kuangdi, Zhao Qizheng, Jiang Yiren, Sha Lin, and Gong Xueping; and responsible people from various commissions, offices, bureaus, districts, and counties.

### Shanghai Stock Index Increases Over 100 Percent 1-5 Aug

OW0508163794 Beijing XINHUA in English 1506  
GMT 5 Aug 94

[Text] Shanghai, August 5 (XINHUA)—The Shanghai stock market has witnessed rarely seen active transactions this week.

The stock index closed as high as 683.04 points on the last transaction day of the week, which was an increase of 104.55 percent as compared with the first transaction day, Monday [1 August].

Statistics show that the Shanghai stock index had an average rise rate of nearly 70 points each day.

The transaction volume for the week reached a record high of 33.74 billion yuan, and the daily transaction volume broke the record at the Shanghai bourse three times.

On the last two transaction days the transaction volumes were enlarged to 10.5 billion-plus yuan and 10.4 billion-plus yuan, respectively, the first ever so high since the market was established in December 1990.

In the meantime, the stock index for B-shares on the Shanghai stock market increased 1.79 points, with the increase rate marking 2.47 percent.

Experts attributed the bullish market mainly to the encouraging information released by the Chinese Government last week.

Some economists concluded that the Shanghai stock index will keep its upward trend in the next few days, but others showed a conservative attitude toward the market.

### Shanghai Financial Personnel Sentenced to Death

OW0708073894 Shanghai People's Radio Network in Mandarin 2300 GMT 5 Aug 94

[From the "990 Morning News" program]

[Text] The Shanghai Intermediate Court recently severely punished a group of felons—including district committee office directors, real estate company managers, bank managers, accountants, and supply and marketing personnel—who were found guilty of serious crimes, such as committing graft, accepting bribes, and embezzling public funds. The amount of money involved in their crimes exceeded 17.8 million yuan.

Of the felons, six were sentenced to death, death with a reprieve, or life; and six were sentenced to imprisonment for five years or longer.

Chen Hongsheng, former financial manager of the Hong Kong (Hua Lian) Shipping Co., Ltd. under the China National Shipping Industrial Company, spent more than



\$210,000 in Hong Kong on foreign currency speculation and used the profits to pay debts incurred from other speculation activities.

The court found Chen Hong Sheng guilty of corruption and sentenced him to death and deprived him of his political rights for life.

### Shanghai Offers Training For Workers From Other Provinces

OW0608071894 Beijing XINHUA in English 0637  
GMT 6 Aug 94

[Text] Shanghai, August 6 (XINHUA)—The Shanghai Municipal Government is offering technical training courses for laborers from other parts of the country who are working here.

According to local officials, 2.5 million outsiders now reside in this, China's largest economic center. About 1.6 million of them, most of whom used to be farmers, are working as temporary workers.

Mostly from Sichuan and Anhui Provinces, China's two agricultural provinces, they are working mainly on construction sites, in textile factories, at street cleaning or serving as housekeepers or market vendors.

The influx of outsiders has created convenience for local people in their daily lives and promoted the local economy, the officials said. Some outsiders have been cited as "model workers."

But their lack of technical skills and knowledge of the law pose many problems, they said.

The departments concerned in Shanghai not only train them technically and widened their legal knowledge, but also protect their legal rights. Management organizations have been set at the municipal, district and community levels. The municipal federation of trade unions and a local university jointly run a school to train outside workers.

### Rural Enterprises Hold Top Position in Zhejiang Industry

OW0708074394 Beijing XINHUA in English 0711  
GMT 7 Aug 94

[Text] Hangzhou, August 7 (XINHUA)—Rural enterprises in east China's Zhejiang Province have occupied the dominant position in the local industrial development.

Statistics show that in the first half of this year the rural enterprises realized an output value of 185.95 billion yuan, an increase of 76.25 percent over the same period last year, and takes 70.9 percent of the total industrial output value of Zhejiang.

Large-sized rural enterprises have also become leaders in many industrial sectors of the province, such as machinery and textiles.

At present, there are more than 800 rural enterprises in the province. Each of them has an annual output value of over 20 million yuan.

About 158 rural enterprises are now applying to become state-level large and medium-sized enterprises.

It is estimated that by the end of this year 13 counties in the province will gain a total output value of over 10 billion yuan each from rural enterprises.

The number of rural enterprises with yearly sales incomes of over 100 million yuan each is expected to reach 50 this year.

Local officials attributed the development of rural enterprises to efforts to attract more investment. Last year alone rural enterprises poured more than 18 billion yuan into upgrading technologies and other purposes.

Individual businessmen and the private economy also contributed a lot to the development of rural economy.

In the first half of this year they yielded 76.7 billion yuan in output value, which accounted for 41.25 percent of the total output value of rural enterprises.

## Central-South Region

### Guangdong Anticorruption Head Vows 'To Solve' Cases

HK0508071394 Hong Kong TA KUNG PAO in Chinese  
14 Jul 94 p 4

["Special dispatch" by staff correspondent Liang Chun (2733 6511): "Foreign-Related Corruption Cases Increase; Strive To Solve Major Cases Within Three Months' Time"]

[Text] Guangzhou, 13 Jul—Lu Jingcheng, Guangdong provincial deputy procurator and its anticorruption bureau chief, told the press this afternoon that between January and June of this year, the province investigated 1,155 people involved in 977 economic crimes such as bribery and corruption and investigated and dealt with 34 county- or section-ranked cadres, and one departmental-ranked cadre.

Lu Jingcheng said: The number of economic crimes the province opened files on in the first half of the year was up about 50 percent from the same period of last year and was the largest for the same period in recent years. There were 786 major cases—80 percent of the total economic crimes—and 29 of the cases involved sums over 1 million yuan.

In the first six months, the province completed investigations on 726 cases and 920 people, 447 investigations resulted in indictments and 568 people were arraigned, 68.84 million yuan worth of stolen goods were recovered, 15 escaped convicts were recaptured, and 62 criminals surrendered.

Lu Jingcheng said that cases handled in the first half of the year show that the more serious crimes were still economic crimes such as bribery and corruption. His analysis identified five characteristics.

One, committing crimes amid crackdowns. Twenty Two of the 60 people investigated and dealt with for corruption and accepting bribes in the first five months of the year committed their crimes after August, that is after the anticorruption struggle was launched.

Two, criminals are increasingly younger. Half of the people investigated for corruption and bribery were under 30, and 17 of the 36 people investigated in Foshan and 32 of the 63 in Shenzhen in the first five months were under 30, close to 48 percent and 50 percent respectively.

Three, a high degree of complicity in crimes. Four crimes involving 14 people from the Guan District investigated in Jiangmen in the first five months were corruption cases committed by groups of people. Similar investigations were seen in Shenzhen.

Four, foreign-related cases are on the rise. Some of the people accused of bribery reside outside of the country, some flee from China after committing crimes, some transfer stolen money out of the country, and some commit crimes in collusion with people from overseas. Wang Jianye, former Shenzhen Finance and Trade Department head, for example, converted 1.5 million in bribe money into U.S. dollars and wired it overseas in an attempt to hide the illicit sum.

Five, new, modern criminal techniques. Bribery is undertaken not with cash but credit cards, securities, or even using computer technology. For instance, Zhang Tieqiao, Guangzhou Shipping Company assistant general manager and a cadre with the ranking of deputy department head, accepted two Great Wall credit cards worth some 39,000 yuan as a bribe.

Last, Lu Jingcheng stressed that in the next three months, July, August, and September, they would try hard to solve a number of major crimes which were sensational and had a great impact bring charges in a number of major cases, and make the public aware of the cases in order to deepen the anticorruption struggle.

#### **Guangzhou Attracts More Overseas Investment**

*OW0608132794 Beijing XINHUA in English 1320 GMT 6 Aug 94*

[Text] Guangzhou, August 6 (XINHUA)—This capital of Guangdong Province will further improve its investment conditions to attract more overseas investment.

A favorite place for overseas investment, Guangzhou has concluded more than 20,000 contracts on the use of overseas investment involving 20 billion U.S. dollars over the past 15 years, with five billion U.S. dollars actually used.

In the first half of this year, the city used 1.1 billion U.S. dollars, which doubled the figure of the same period of last year.

To use more foreign capital for Guangzhou's economic development, according to Deputy Mayor Chen Kaizhi, the city will set up trade centers in Sydney, Moscow, Paris and other foreign cities, encourage the establishment of export-oriented production bases with foreign capital, and improve laws and regulations to protect the legal rights of overseas investors.

#### **Guangzhou Eases Sales Restrictions at Trade Fair**

*HK0508154894 Beijing ZHONGGUO XINWEN SHE in Chinese 1128 GMT 4 Aug 94*

[By reporter Zhang Chuanxi (1728 0278 3556)]

[Text] Guangzhou, 4 Aug (ZHONGGUO XINWEN SHE)—The first Guangzhou foreign-invested enterprise products fair opened here today, with close to 500 foreign-funded enterprises participating in the exhibition. Most participants would like to take this opportunity to cut prices to promote sales. The Guangzhou Government has indicated its willingness to relax the ratio of foreign-funded enterprise products permitted to sell domestically at the fair.

Sponsored by the Guangzhou Foreign Economic Relations and Trade Commission, the China Foreign Trade Center Group, and other organizations, the one-week fair is being held at the Guangzhou Foreign Trade Center exhibition hall. The products displayed at the exhibition fall into nine major categories, including textiles and other light industrial goods, household electrical appliances, machinery, building materials, and handicrafts. There are 500 booths.

Many participants have cut prices to boost sales. Goods at bargain prices, such as genuine leather belts at a little more than 20 yuan and T-shirts at just over 10 yuan, are available everywhere and are attracting many customers.

However, this also shows that the sales of foreign-invested enterprise products on the domestic market are not as good as they were before. According to a leather shoe manufacturer, most of their products are typically sold on the domestic market, but that market has been slow this year. To recover the capital as quickly as possible, a pair of shoes which originally sold for over 200 yuan is now marked at only a little more than 90 yuan.

The Lego Toy Group of Denmark, one of the 10 biggest toy manufacturers in the world, is displaying many models of large and exquisite plastic building blocks at the exhibition.

### **Guangzhou Establishes Permanent International Fair**

OW0408132794 Beijing XINHUA in English 0955  
GMT 4 Aug 94

[Text] Beijing, August 4 (XINHUA)—The Litai World Trading Town in Guangzhou, capital of Guangdong Province, has become a permanent international fair.

It just began to admit enterprises to be its members, according to INTERNATIONAL BUSINESS.

Co-funded by the Hong Kong Winland Real Estate Corporation and the Guangzhou branch of China Xingxin Import and Export Company, the town offers such services as exhibition shows, shopping, tourism and entertainment services.

Located at the Guangzhou Development Zone, the 138-hectare town, provided with convenient transport and telecommunication facilities, is only ten minutes' drive from Guangzhou and eighty kilometres away from Hong Kong.

After paying a certain amount of membership admission fees, enterprises and businesses are entitled to the preferential policies of the bonded zone, and use exhibition halls and residences free of charge for 50 years.

The town also provides its members with market information and bank services.

Altogether 1,737 large and medium-sized foreign businesses from the United States, Canada, Singapore and France, and 391 domestic enterprises have entered the town so far.

The town has set up special exhibition halls for light industry, textiles, electronics, automobile, food-processing, medicine, metallurgy, machinery and local products.

### **Guangzhou High-Tech Zone Maintains 'Fast Development'**

OW0508101294 Beijing XINHUA in English 0911  
GMT 5 Aug 94

[Text] Guangzhou, August 5 (XINHUA)—The Tianhe High-Tech Development Zone of Guangzhou City, Guangdong Province in south China, has maintained the momentum of fast development since the beginning of this year.

According to Yang Nancong, director of the management committee of the zone, by the end of May, the development zone had netted 1.02 billion yuan of income from industrial production and technological tradings, of which, the industrial output value of high-tech enterprises made up 500 million yuan, both showing sharp increases compared with corresponding figures for the same period of last year.

Sixty-six new high-tech firms, including 14 foreign-funded ones, had registered with the development zone. They will bring in two million U.S. dollars of funds, said the director.

Construction of a series of parks, such as "Industrial Park", "Guangzhou International Scientific and Trading Park", "Guangzhou Electronical Scientific and Technological Park", has been proceeding swiftly in the Tianhe High-Tech Development Zone, which was initiated in 1991.

At present, more than 110 high-tech enterprises have been set up in the zone.

The high-tech development zone has conducted economic cooperation and established trade relations with other parts of the country and a dozen foreign countries and regions in the world. A group of transnational companies and international consortiums have opened businesses in the Tianhe high-tech zone.

In this May, the development zone launched investment promotion activities in the United States for the building of a "scientific and technological park" in the zone and signed letters of intent on eight cooperation projects, which may involve about one billion U.S. dollars of foreign funds.

The development zone has also encouraged its enterprises to expand business overseas. So far, four enterprises in the Tianhe zone have set up subsidiary companies overseas.

The Tianhe High-Tech Development Zone has also formed several company groups to facilitate the export of local products.

### **Guangdong Maps Out Communications Projects**

HK0508133294 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 29 Jul 94

[Text] At the provincial communication work meeting being held in Zhaoqing City today, our staff reporter learned that the blueprint for communication construction in Guangdong Province this year and the next has been worked out.

The major tasks in communication construction in Guangdong this year and the next are to ensure the completion of key construction projects and to comprehensively fulfill various tasks in communication construction in the Eighth Five-Year Plan.

In highway construction, the Guangzhou-Shenzhen Superhighway, a special vehicle road from Dali to Sanshui, the Zhuhai section of the superhighway along the coast in the western part, and a special vehicle road from Maoming to Shuidong are to be completed this year for a total of 140 km. Efforts will be made next year to put the trunk lines of the Foshan-Kaiping and Shenzhen-Shantou Superhighways into operation and to speed up the construction of the Guangzhou-Zhuhai eastern line,



the Taishan section of the superhighway along the coast in the west part, the superhighway from Huizhou to Heyuan, and the large bridges in the bays of Humen and Shantou. The construction of the Guangzhou-Zhanjiang and Beijing-Guangzhou superhighways will start section after section at the end of this year and in the beginning of the next.

In the construction of waterways, further efforts will be made in the project to improve the Jiangmen waterway and the waterway from Yamen to the sea of the Xi Jiang.

In the area of port construction, the Xinhui Tianma Port, the Haian Port, the Shuidong Port, and the second phase project of the Zhongshan Port are to be completed next year. The coal wharf in Zhuhai's Gaolan Port, Yangjiang Port, and other ports are also scheduled to be built.

### **Guangzhou Gives Citizenship to 'Outstanding' Migrant Youth**

*HK0608052194 Beijing XINHUA Domestic Service in Chinese 1004 GMT 3 Aug 94*

[Text] Guangzhou, 3 Aug (XINHUA)—According to GUANGZHOU RIBAO, the activity to choose outstanding young migrant workers, which has been organized jointly by the Guangzhou Communist League Committee and the Guangzhou Labor Bureau, will end in October. Those young migrant workers who distinguish themselves in 10 respects will be given citizenship.

The outstanding young workers will be chosen from migrant workers aged between 18 and 35 who are employed by enterprises (including state-owned, collective, joint-stock, and foreign-funded enterprises). The activity was designed to set an example for advanced young migrant workers, identify a number of young migrant workers who have made outstanding achievements, and train a number of young migrant workers to become people with "four socialist virtues."

### **Shantou SEZ Exports 'Climb Up Quickly'**

*OW0508101994 Beijing XINHUA in English 0802 GMT 5 Aug 94*

[Text] Beijing, August 5 (XINHUA)—Shantou, a port city and a special economic zone in south China's Guangdong Province, has seen its exports climb up quickly following the adoption of various new reform measures in foreign trade and other supporting measures since the beginning of this year.

According to INTERNATIONAL BUSINESS NEWS, the exports of the city for the first half of the year stood at 1.335 billion U.S. dollars, an increase of 55.2 percent over the same period of last year.

Among the city's total exports for the January-June period, general trade made up 762 million U.S. dollars,

up 62.3 percent, while exports of local overseas-funded enterprises amounted to 435 million U.S. dollars, up 70.9 percent.

### **Shenzhen Deprives 19 Firms of Foreign Trade Rights**

*HK0508014994 Beijing ZHONGGUO XINWEN SHE in English 1306 GMT 4 Aug 94*

[Text] Shenzhen, 4 Aug (ZHONGGUO XINWEN SHE)—Shenzhen authorities for import and export trade has deprived its 19 foreign trade enterprises of their rights in foreign trade for their violation of law or poor performance of export trade. Meanwhile 56 others were given a warning for similar reasons.

The violation involves illegal re-export, the transfer of rights of import and export to one's subordinate companies or merger of business entities without reporting to the department concerned for annual examination.

The annual examination practice is implemented in Shenzhen for the first time this year. Standard for such examination was formulated in accordance with export performance shown by foreign trade enterprises in 1993. Enterprises with an export value of U.S.\$1 million which meets the standard are granted an extension of rights to import and export trade. Those failing to reach the standard will be given a warning or have their authority for foreign trade cancelled. The practice is aimed at praising those enterprises with sound business results and eliminating those with poor performance, leading to creation of atmosphere for fair competition.

Shenzhen will ask the Ministry of Foreign Trade and Economic Cooperation to revoke authority for import and export trade given to nine foreign trade enterprises which were approved by some ministries to be set up in Shenzhen because their export value was less than U.S.\$500,000.

### **Shenzhen Union Petitions Firm Over Workers' Rights**

*HK0508134294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0933 GMT 12 Jul 94*

[Text] Shenzhen, 12 July (ZHONGGUO TONGXUN SHE)—In accordance with the rights entrusted to it by the state, a few days ago, the Shenzhen City Federation of Trade Unions formally put forth a "letter of suggestions for improvement and correction" containing 10 concrete examples to the Shenzhen Kuangye Enterprise Company Ltd., a foreign-funded enterprise which had violated the mainland's labor law and regulations, and demanded improvement and correction within a month. Otherwise, it would ask the departments concerned in the city to investigate and handle the problem in accordance with the law.

Upon hearing the news on 21 June that approximately 300 workers from the oil spraying section of the company stopped working and appealed to the higher authorities for help, the Shenzhen Federation of Trade Unions

immediately sent personnel to investigate. They discovered that more than 30 workers actually lived in a workers hostel of approximately 20 square m. The rooms did not have any ventilation or fire prevention facilities, and many workers worked in the oil spraying workshop, which was filled with toxic gases, without wearing any safety masks.

The factory did not have any health protection measures and did not provide regular medical checkups for its workers. The workers worked more than ten hours a day without any overtime pay, and the company had not signed any contracts with the workers. Moreover, the company held the workers' identity cards and asked for registration, temporary-stay-certificates, and training fees, and forced them to save money, thus seriously violating the "Regulations of the Shenzhen Special Economic Zone Concerning Labor Services."

Therefore, in coordination with the departments concerned and the representatives of the workers, the Federation consulted with the company's boss. The company's general manager from the Hong Kong side clearly stated that they would "act in strict accordance with the state laws and government decrees beginning today" and would meet the justified demands of the workers as soon as possible. The Federation is now helping the company's employees make preparations to set up a preparatory trade union group.

### **Explosion at Guangxi Explosives Store Leaves 66 Dead**

*HK0508023394 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 4 Aug 94*

[Text] In the early morning of 3 August, an accidental explosion occurred in the dynamite store of a [word indistinct] mine run by local people in Huanjiang Maonan Nationality Autonomous County. In the accident, at least 66 people were killed and 98 were seriously wounded. According to the emergency center in Huanjiang County, when the accident occurred, six tons of ordinary dynamite was being kept in the warehouse. The explosion destroyed instantly all of the miners' living quarters and all plants within a radius of 500 m. Workers inside the living quarters were killed instantaneously by the huge explosion and by collapsing buildings. Some people who were walking outside the quarters were also knocked down by the shock wave and were killed instantly or seriously injured.

By 0930 this morning, 66 people had been found dead, and 98 people were seriously injured. Among the injured, 84 people had been brought to the prefectural hospital for intensive and urgent treatment, and 14 remained in the county hospital. Up to 1600 local time when this report was dispatched, rescue personnel were still digging in the ruins, and it is expected that the number of deaths will continue to increase.

After the accident occurred, the principal leaders of the Hechi Prefectural CPC Committee and the Hechi prefectural government rushed to the spot on the morning

of 3 August and joined hands with the leaders of the Huanjiang County party committee and county government to organize rescue activities and handle the aftermath. Liu Hong, vice chairman of the regional people's government, together with the leaders and experts of the regional public security department, the regional public health department, and the regional labor department, also rushed to Huanjiang this morning. The Ministry of Public Security and the Ministry of Public Health also telephoned Guangxi this morning to inquire about the disaster situation and the rescue work. All of the major hospitals in Hechi Prefecture continue to admit the injured and are going all out to give intensive and urgent treatment to them. The cause of the accident is now being investigated.

### **Guangxi Secretary on Using Taiwan Investments**

*HK0508133494 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 2 Aug 94*

[Text] At today's regional meeting on using foreign funds and handling Taiwan-related economic affairs in Nanning, Zhao Fulin, secretary of the regional party committee, emphatically pointed out: We should further emancipate our minds, act more courageously and more flexibly, further improve our policies, actively explore new ways to use foreign funds, create new channels and new fields for absorbing foreign capital, and strive to upgrade this region's work in using foreign funds and handling Taiwan affairs.

The meeting, which was held by the regional party committee and the regional people's government and focused on using foreign funds and handling Taiwan-related economic affairs, was another important meeting concerning this region's opening to the outside world, following the regional work conference on opening up to the outside world held by the regional party committee and the regional people's government in Tengqu in 1992. Secretary Zhao Fulin gave an important speech at the meeting. Lei Yu, vice chairman of the regional people's government, conveyed the spirit of the national meeting on using foreign funds and handling Taiwan-related affairs and also expressed his important opinion on what this region should do in order to quicken the pace of using foreign funds and to strengthen Taiwan-related economic work.

In his speech, Zhao Fulin fully affirmed the results achieved by the region in opening up to the outside world and in using foreign funds. In 1993, the work of using foreign funds throughout the region again leaped onto a new stage. In the whole year, newly approved foreign-funded projects numbered 2,544; the amount of foreign funds involved in the relevant contracts totalled \$3.837 billion; and the amount of foreign funds actually used came to nearly \$1 billion.

The use of foreign funds in this region exhibited the following characteristics: First, the sources of foreign funds expanded, with the number of countries and

regions investing in this region increasing from 29 in 1992 to 44 in 1993. Second, the areas absorbing foreign investment were broadened continuously, extending from the southeast coastal area and the border area to the northern and northwest poor mountainous areas of Guangxi. Third, the scale of investment grew, with the average amount of foreign investment in a project increasing from \$779,000 before 1992 to \$1.66 million in 1993. Fourth, the realm of foreign investment was augmented, with foreign investment extending from manufacturing and processing industries to the construction of infrastructural facilities, comprehensive agricultural development, and tertiary industry.

While affirming these achievements, Zhao Fulin also pointed out the need to be fully aware of the serious situation regarding the use of foreign funds in the region. In the first six months of this year, although the amount of foreign loans increased as compared with that in the same period of last year, the number of newly approved foreign-funded projects and the amount of foreign funds involved in the investment contracts decreased as compared with the situation in the same period of last year.

The reasons for this decrease in the use of foreign funds mainly lay in the following facts: The financial capacity of the region and the funds possessed by the enterprises here were insufficient; the credit situation was rather strained; and there was a shortage of funds for launching new projects. This made it difficult to carry out some projects which had been approved. Considering the situation, external investors were afraid that working funds would not be available after the projects were completed, so they just adopted a wait-and-see attitude. In addition, the region's external propaganda was not effective enough. As a result, both the soft and hard investment environment remained unsatisfactory.

Zhao Fulin emphatically pointed out the need to emancipate the people's minds, boost their morale, grasp the opportunity, and strive to fulfill the annual plan for using foreign funds. The results of regional opening should be further expanded; the policies for opening various industries to foreign investment should be carried out more effectively; and foreign funds should be used in all fields.

The old method of attracting foreign investment simply by reducing taxes and allowing foreign investors to keep more profits in their hands but not opening up the market to them should be changed. Both the market and property rights can be given to foreign investors in exchange for their funds and technologies, and this should be taken as a new way to use foreign funds in order to transform the old enterprises. At the same time, the comprehensive investment environment should be further improved; more effective training should be given to people involved in foreign economic activities; and it is also necessary to ensure the implementation of the responsibility system at all levels in order to achieve this year's target of using \$1.2 billion in foreign funds.

When talking about improving the work of handling Taiwan-related economic affairs in this region, Secretary Zhao Fulin pointed out: The proportion of Taiwan funds in the external funds used by this region is exceeded only by funds from Hong Kong, and Taiwan is the second largest source of external funds for this region. We should conscientiously carry out the central guidelines and policies for handling Taiwan-related economic affairs, and should firmly adhere to the principles of arranging things primarily for our own purposes, taking the initiative, making things mutually beneficial and complementary, and promoting common development. We must ensure both the quantity of funds absorbed from Taiwan and the end result, must increase the utilization of Taiwan funds, and must create a new situation in this region's economic exchanges with Taiwan.

The leading comrades attending the meeting on 2 August included Ding Tingmo, Lin Chaoqun, Peng Guikang, Ma Qingsheng, Yang Jichang, Chen Huiguang, Huang Baoyao, Xu Bingsong, and Liu Hong.

#### **Construction Begins on New Guilin International Airport**

*OW0308135094 Beijing XINHUA in English 1319  
GMT 3 Aug 94*

[Text] Guilin, August 3 (XINHUA)—The construction of the terminal building, a key part of the new Guilin International Airport, has started.

Guilin, known for its natural scenery of Karst caves, was listed as one of the seven key tourist attractions by the State Council in 1985.

The two-story terminal building, involving a total investment of 160 million yuan (about 17.4 million U.S. dollars), is part of an overall upgrading of the airport. It will be completed in September 1995.

In recent years Guilin has been receiving annually 500,000 overseas tourists and eight million domestic visitors.

By the year 2000 the city is expected to host one million visitors from abroad and 10 million from at home.

The current Guilin Airport, which handled 1.7 million passengers in 1993, cannot cope with the surge of tourists. Its terminal building and tarmac are small, and the runway is only 2,300 m long.

The 400-ha new airport, 25.6 km from downtown Guilin, is expected to cost 1.39 billion yuan. The runway, 45 m wide and 2,800 m long, is designed to handle boeing-747 200 aircraft.

An auxiliary runway of the same length is being built at the same time. The airfield is designed to handle five million passengers by 2005.



When completed in October 1995 the airport will be able to handle 26,000 planes a year, with more than 40 domestic air lines and charter flights to Hong Kong, Singapore and Japan.

#### **Guangxi Approves Taiwan-Funded Enterprises**

OW0508134794 Beijing XINHUA in English 1254  
GMT 5 Aug 94

[Text] Nanning, August 5 (XINHUA)—Some 471 Taiwan-funded enterprises, involving a total contracted investment of 500 million U.S. dollars, have been approved in south China's Guangxi Zhuang autonomous region.

Guangxi borders Vietnam and abuts the South China Sea. The central government decided in 1992 to build Guangxi into a marine outlet for southwest China. Since then, more and more overseas investors have come to the region.

Guangxi saw a contracted volume of 250 million U.S. dollars in investment last year, and actually utilized 100 million U.S. dollars.

The Taiwan businessmen not only invest in industry and processing but also in infrastructure construction, agriculture and the service sector as well.

Among these joint ventures, more and more are solely funded by Taiwan investors.

To encourage Taiwan investors, the autonomous regional government has drawn up some new preferential policies, including improving the investment environment, broadening the investment scope and selling more products on the domestic market.

#### **Henan Uses More Foreign Governmental Loans**

OW0508012594 Beijing XINHUA in English 0043  
GMT 5 Aug 94

[Text] Zhengzhou, August 5 (XINHUA)—Central China's Henan Province used foreign governmental loans totalling 440 million U.S. dollars for construction of infrastructure projects in the first half of this year.

The facilities were used to fund a hydro-power station, a gas works and a water-supply system.

The loans acquired in the first six months came from the governments of Spain, the Netherlands, Australia, Belgium, Japan, France, Denmark and Finland. To date, about 20 foreign governments have offered official loans to Henan.

#### **Large Deposit of Lithium Ore Found in Henan**

OW0408142394 Beijing XINHUA in English 1311  
GMT 4 Aug 94

[Text] Beijing, August 4 (XINHUA)—After six years of effort, geologists have discovered a dyke which contains a large deposit of lithium ore in central China's Henan Province.

According to the newspaper ECONOMIC INFORMATION, the deposit, 20 km long and two km wide, lies along the border between Henan and Shaanxi provinces.

It is estimated that the lithium reserves in the two main ore districts of the dyke amount to more than five million tons, and the content of lithium oxide exceeds ten percent. Thus, it is one of China's four-biggest lithium ore areas.

#### **Hubei Sets Up More Hi-Tech Industrial Zones**

OW0508005194 Beijing XINHUA in English 0030  
GMT 5 Aug 94

[Text] Wuhan, August 5 (XINHUA)—Central China's Hubei Province has made remarkable achievements in developing high-tech industries during the past several years.

So far, the number of high-tech industrial enterprises in the province has reached more than 500.

Quite a number of high-tech development zones have cropped up around big cities, making great contributions to Hubei's economic development.

In 1993 the three biggest high-tech development zones in Hubei, namely Donghu in Wuhan, Xiangfan, and Cihu in Huangshi, generated 2.26 billion yuan in output value and 335 million yuan in gross profit.

The Donghu zone in Wuhan city, which was one of the first such zones in China, has developed six pillar industries after five years' construction. They include telecommunications, bio-engineering, new materials and laser technology.

At present, more than 490 enterprises have settled in the 24 sq km zone, among which two generated 100 million yuan in output value last year.

In 1993 the output value for the telecommunications industry in the zone reached 900 million yuan, while that for the electronics information industry was nearly 400 million yuan.

#### **Hunan Deputy Secretary Addresses Party Meeting**

HK0508110094 Changsha Hunan People's Radio  
Network in Mandarin 2300 GMT 27 Jul 94

[Text] The provincial meeting of secretaries of prefectural, autonomous prefectural, and city party committees opened in Changsha yesterday. The central topic for discussion of the current meeting was to discuss and study, with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide, how to further implement the policy of persisting in doing two types of work simultaneously and laying equal stress on both and the principle of the party managing party affairs, to enhance the party's ability to rule and lead, and to provide the drive of reform and opening up to the

outside world and modernization with a solid ideological foundation, a powerful organizational guarantee, and a sound social environment.

Provincial party and government leaders [Secretary] Wang Maolin, [Governor] Chen Bangzhu, [Deputy Secretary] Yang Zhengwu, Chu Bo, Liu Zheng, Yang Minzhi, Luo Haifang, Hu Biao, Wen Xiande, and Dong Zhiwen attended the meeting, which was presided over by Comrade Wang Maolin. Comrade Yang Zhengwu delivered an important speech on persisting in doing two types of work simultaneously, laying equal stress on both, and strengthening party building.

Yang Zhengwu said: In recent years, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, party committees at all levels throughout the province have conscientiously implemented the principle of doing two types of work simultaneously and laying equal stress on both and have attached importance to party building, the building of spiritual civilization, and the building of democracy and the legal system while concentrating efforts on accelerating economic construction and speeding up the pace of opening up to the outside world. However, we should soberly notice that, in our thinking and practical work, the problem of being hard on the one hand but soft on the other has not yet been really overcome.

Comrade Yang Zhengwu stressed: Party committees at all levels should firmly grasp the overall situation of the entire party's work, that is, they should grasp opportunities, deepen reform, open wider, accelerate development, maintain stability, and effectively carry out the principle of doing two types of work simultaneously and laying equal stress on both to the letter.

When discussing how to do a good job of several tasks for the second half of the year, he pointed out: While paying keen attention to economic construction and reform and opening up, party committees at all levels should concentrate efforts on doing a good job of party building and the building of spiritual civilization; in particular, they should focus on the building of party organizations at the grass-roots units in the rural areas, the building of leading bodies at the county level and above, the struggle against corruption, the comprehensive management of public security, and education in the party's fundamental purpose, in the socialist system's superiority, in self-reliance and hard work, and in supporting the Army and cherishing the people.

At yesterday's meeting, Comrades Luo Haifang and Wen Xiande also gave speeches. Party secretaries of all prefectures, autonomous prefectures, and cities and persons in charge of relevant units directly under the jurisdiction of the provincial government also attended the meeting.

#### **Central Anti-Corruption Inspection Group Visits Hunan**

*HK0808030094 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 5 Aug 94*

[Text] A seven-member central inspection group headed by Chen Peimin, National People's Congress Standing

Committee member and Beijing Military Region former deputy political commissar, conducted a 19-day anti-corruption inspection of Hunan Province from 18 July to 5 August.

The central inspection group primarily inspected Hunan 1994 anti-corruption work in the following three areas:

1. The situation of implementing five central regulations that require leading cadres to honestly perform official duties and consciously observe party and government discipline;
2. The situation of investigating and handling major and serious corruption cases;
3. The situation of straightening out professional malpractices and cracking down on a number of specific crimes.

The central inspection group fully affirmed the province's anti-corruption work achievements, saying: The party committees and people's governments at all levels in Hunan have done a great deal of arduous, conscientious, substantive, and fruitful work, have implemented to the letter a series of anti-corruption arrangements spelled out by the CPC Central Committee and the State Council, and have fully reflected the spirit of the Third Plenary Session of the Central Discipline Inspection Commission, with the result that the province has scored gratifying anti-corruption achievements and has made a great deal of headway in combating corruption in all three areas mentioned above.

The central inspection group expressed the hope that Hunan will continue to unswervingly adhere to the principle of firmly grasping two key aspects of work simultaneously and will carry on a more thorough, protracted, and fruitful anti-corruption struggle in accordance with the arrangements that will be mapped out by the central authorities in the upcoming months.

#### **Southwest Region**

##### **Newspaper, TV Discuss 3d Tibetan Forum**

##### **XIZANG RIBAO Editorial**

*OW0808072094 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 6 Aug 94*

[Apparent text of 6 August XIZANG RIBAO editorial: "A New Milestone"]

[Text] The third forum on work in Tibet convened by the party Central Committee and the State Council recognized the overall strategic importance of work in Tibet, comprehensively studied work in the region, and adopted a series of major policy decisions for accelerating Tibet's development and maintaining its social

stability. This is a meeting of great historical significance, which has opened up a new chapter in the history of Tibet and epitomized a new milestone in Tibet's development.

The central authorities have always paid kind attention to the people of Tibet, have attached great importance to work in Tibet, and have made timely, important policy decisions in every major historical stage of Tibet's revolution and construction to push its society to advance forward. More than four decades ago, the central authorities called for liberating Tibet and, under the support of the people in Tibet, effected the peaceful liberation of Tibet, thereby crushing imperialist schemes to separate Tibet from China. More than three decades ago, the central authorities, conforming to the historical trend and the aspirations of people in Tibet, carried out [words indistinct] reform and helped a million serfs free themselves, thereby bringing about an earthshaking change from feudal serfdom to socialism in Tibet and enabling it to attain tremendous progress never seen in history. Since the Third Plenary Session of the 11th CPC Central Committee, the central authorities twice convened the forum on work in Tibet and formulated a series of special policies and flexible measures to help Tibet's development. These policies and measures have played an important role in promoting reform, opening up, and modernization construction in Tibet. From now until the end of this century will be a crucial period for Tibet's economic and social development. Hence, the central authorities have attached even greater importance to work in Tibet and have regarded issues related to its development and stability in light of overall interests. The work in Tibet occupies a strategic position in the general task of the party and the state. To ensure a good job in the work of Tibet and to strengthen unity between the Tibetan and Han and other nationalities are of great importance for enhancing the grand unity of the Chinese nation. Tibet's stability, development, and security have a bearing on the stability, development, and security of the nation. To value and support work in Tibet is, in fact, tantamount to attaching great importance to and supporting the work of the overall situation.

To accelerate Tibet's development is not only an economic issue of eliminating the gap in regional development but also is a political issue having an overall strategic interest. It is precisely based on these fresh understandings that the third forum summed up the historical experiences of work in Tibet, fully affirmed its achievements, comprehensively and objectively analyzed its current difficulties and problems, adopted a series of major policy decisions, clarified the guiding principles and tasks of work in Tibet for some time to come, and formulated policies and measures for expediting Tibet's development and maintaining its social stability. The meeting symbolizes Tibet's social and economic development entering a new historical stage and marks a new beginning of work in Tibet.

The meeting held that in accelerating Tibet's development, it is of crucial importance to integrate the central

authorities' major political guidelines with the actual conditions in Tibet. To proceed from the overall national situation and Tibet's realities in seeking truth from facts is one of the basic principles for successfully carrying out work in Tibet. In line with this principle, the strategic goal of Tibet's social and economic development has been set—that is, under the premise of optimizing the economic structure and increasing economic efficiency, Tibet's economy should grow at about 10 percent. This growth rate will be considerably higher than the average annual 6-percent growth rate achieved between 1981 and 1993, as well as higher than the national planned target of 8 to 9 percent. The realization of this growth rate will greatly increase the gross regional product by the year 2000. Based on 1993's statistics, the gross regional product will double; the region will basically become self-sufficient in grain and complete the task of shaking off poverty while the majority of the people lead a comparatively well-off life; and the overall quality of regional economic and social undertakings will be improved markedly. This is a heartening development goal.

The meeting decided that reforms in Tibet must be deepened, and that Tibet's new and old economic systems must be properly dovetailed. Like the rest of the country, Tibet must establish a socialist market economic system while reforming its economic system. The replacement of Tibet's planned economic system by a market economy will be a revolutionary change for its economic system, but we will be able to liberate and develop Tibet's productive forces and accelerate the process of its economic development as long as we do our jobs in a positive, reliable, gradual, and flexible manner; carry out all preferential policies; and establish and improve the socialist economic system in light of Tibet's actual needs.

The general and specific policies and measures that the central authorities have drawn up for fighting splittism have provided us with a powerful ideological weapon. They have deepened our understanding of the true nature of the splittist activities launched by the Dalai clique; given us a clearer idea of the antisplittist struggle's nature and the assignments in various areas to be accomplished. They have also increased the confidence and strength of people of all nationalities in safeguarding national unity and fighting separation; and they have inspired us to take powerful and effective measures to safeguard Tibet's long-term stability.

Based on the need to expedite the nation's economic and social development and strengthen China's national coherence, the central authorities have formulated the policy that the whole nation should support Tibet and be Tibet's strong backing. The policy of mustering national efforts to support Tibet is a major policy for expediting Tibet's development. The support will be a long-term one, and people of all nationalities in Tibet feel the warmth of the motherland and the superiority of the socialist system because of the support. The major policies drawn up by the central authorities serve as a new



milestone. They have correctly answered the many new questions encountered during Tibet's historical development, charted the future course, and reflected the eagerness of people in Tibet to end their underdevelopment and to lead a comparatively comfortable life. As a magnificent blueprint for Tibet's development during the new period and for Tibet's beautiful future, the policies also provide all kinds of advantageous conditions for Tibet's development and stability and provide rare opportunities for faster development in Tibet. We must take advantage of this meeting, seize the opportunities, clearly understand the situation, and move forward with the development. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party's basic line, we should launch various projects around the principle—characterized by one center, two major projects, and three ensures [yi ge zhong xin liang jian da shi san ge que bao]—to make sure that the party's major policies are implemented in Tibet. We should work hard to explore a new situation with a new spiritual outlook and new ways to think and act.

We must strive to build a stronger party that has greater fighting power; firmly rely on people of all nationalities in Tibet, especially the vast number of peasants and herdsmen, workers, and intellectuals; give full scope to the roles played by patriots of all nationalities in all quarters; mobilize all positive factors; unite all forces that can be united; and closely merge the central authorities major policies with Tibet's actual needs. We should carry forward the spirit displayed by personnel who have worked in Tibet for years, establish the concept about the need to explore and innovate, wage arduous struggle in a down-to-earth manner, and make every effort to achieve greater progress in Tibet.

Now that we have the central authorities' care and attention and the whole nation's support and assistance, we are convinced that a developed, progressive, prosperous Tibet will appear in the world in the near future as long as people of all nationalities in Tibet fight in unity.

#### Lhasa TV Commentary

OW0808075494 Lhasa Tibet Television Network in Mandarin 1200 GMT 7 Aug 94

[Commentary from the "Regional News Hookup" program: "Everything We Do Should Be for the Good of the Tibetan People"]

[Text] At the Third Forum on Work in Tibet, Comrade Jiang Zemin pointed out that Tibet's development should benefit the Tibetan people, improve their material and cultural lives, and promote national unity and progress. It has always been our party's purpose and fine tradition to serve the people wholeheartedly. The central authorities invariably showed great concern and paid close attention to work in Tibet in the past 40 years or so following the peaceful liberation. They made timely,

important policy decisions in every important historical juncture of Tibet's revolution and construction, enabling the region to make the greatest progress in its history.

All major policy decisions made at the Third Forum on Work in Tibet were closely concerned with benefiting the Tibetan people and promoting national unity and progress. During the forum, Premier Li Peng asked us to largely focus on three aspects: First, we should uphold the central task of economic construction, and simultaneously focus on and give equal importance to development and stability. Second, we should step up the pace of reform and opening up, and gradually set up a new system so that there would be a strong motive force for economic development. Third, we should arouse the nation's enthusiasm to support Tibet and Tibet's enthusiasm to stand on its own feet, resolve to improve infrastructural facilities, promote economic growth, and increase our ability to sustain development.

In line with this guiding thought, Tibet might consider these objectives for development for the period up to 2000: On the premise of optimizing the economic structure and improving economic efficiency, Tibet should strive for an economic growth rate of about 10 percent and strive to double its 1993 total annual output value of goods and services. It should strive to basically become self-sufficient in grain and edible oil and overcome poverty, so that most people could live in moderate prosperity. It should also substantially upgrade its economic and social undertakings so that a strong foundation could be laid for development in the next century. These strategic objectives ensured tremendous social and economic progress and would bring great benefits to the masses, and the relevant policy decision also repeatedly talked about improving people's lives. Therefore, we must thoroughly understand each and every sentence of the forum's guidelines, unify our thoughts and understanding, and implement all key tasks to benefit the Tibetan people and promote national unity and progress.

We were not indulging in idle talk when we say everything we do should be for the good of the Tibetan people. That sentence could be used as a standard for measuring our practical work. No other ruling circle or political party in our history ever showed such concern for the Tibetan people. The Dalai clique talks a lot about its concern for the Tibetan people in an attempt to befuddle world opinion. Except for promoting splittism and turmoil and impeding the Tibetan people's progress and development, what actually had it done for the Tibetan people? Practical work for the people is the only forceful answer.

The blueprint for Tibet's construction has unfolded before us, and the central authorities have set an example for us. We should live up to the expectation of the party and people by immediately springing into action and carrying out actual deeds to benefit the Tibetan people.

### **Commentary Views Implementing Central Guidelines in Tibet**

*OW0708180794 Lhasa Tibet Television Network in Mandarin 1200 GMT 5 Aug 94*

[Commentary from the "Regional News Hookup" program: "A Basic Principle for Doing Well Work in Tibet"]

[Text] The third discussion meeting on work in Tibet has clearly pointed out that the key to accelerating development lies in integrating the guiding principles and policies of the party central committee with the actual conditions in Tibet. Economic and social development, reform, and opening up must all proceed from the overall situation of the country and actual conditions in Tibet in the spirit of seeking truth from facts. This is the basic principle for doing work in Tibet well.

The third discussion meeting on work in Tibet, convened by the party central committee and the State Council, was for studying the new situation and solving new problems on the basis of carrying out in-depth investigation and in the spirit of seeking truth from facts. Therefore, the guiding ideology and policies for strengthening work in Tibet, and the tasks and goals of development are totally in accord with the actual conditions in this region. They are a program of action for work in Tibet from now to end of this century and into early next century. It can be expected that the third discussion meeting on work in Tibet will become a new starting point for work in this region. Encouraged by the spirit of the meeting, a new outlook will emerge in all fields of this region. Economic construction will be promoted to a new level. It can also be expected that people of various nationalities in the whole region will sincerely support the third discussion meeting on work in Tibet.

Now, the important tasks confronting people of various nationalities in the region is how to properly study and implement the guidelines of the meeting and properly integrate the guiding principles and policies of the party central committee with the concrete situation of all departments, prefectures, and Lhasa city in this region. We should grasp this opportunity, heighten our spirit, and improve all our work.

The key to integrating the guiding principles and policies established at the third central discussion meeting on work in Tibet with concrete practice in this region lies in proceeding from the strategic decision for the work of the whole party and country, namely seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability. We should vigorously carry out investigation and study and properly implement the tasks entrusted to us by the party central committee.

Comrade Mao Zedong had penetratingly pointed out: Implementing the directives of the higher level in a blind, superficial, and totally meaningless manner is not really implementing the directives of the higher level but

a witty way of opposing the directive of the higher level or going slow in implementing the directives of the higher level.

To implement the guidelines of the third central discussion meeting on work in Tibet, we must carry out investigation and study in a solid manner and proceed from reality in everything. Leading cadres at all levels must go deep into the grass-roots level and go deep into reality. We should, on the one hand, publicize the guidelines of the third central discussion meeting on work in Tibet and let every household know the general principles and policies of the party central committee and strike root in the hearts of the people, and, on the other hand, proceed from the actual conditions of our own departments and locales to creatively formulate concrete plans and methods for implementing the central guidelines.

Let us firmly remember this basic principle for doing work in Tibet well: integrate the general principles and policies of the party central committee with the concrete conditions in Tibet, and proceed in everything from the overall need of the state and the specific conditions in Tibet in the spirit of seeking truth from facts.

### **Northeast Region**

#### **Heilongjiang Province Reaps 'Record' Wheat Harvest**

*OW0708153494 Beijing XINHUA in English 1506 GMT 7 Aug 94*

[Text] Beijing, August 7 (XINHUA)—Northeast China's Heilongjiang Province has this year brought in a record wheat harvest with a total output of 3.41 billion kg, despite a planting area reduction of about 140,000 hectares.

The bumper harvest was attributed to an expansion of the mechanized planting area and improvement of grain varieties and soil. The area planted in quality wheat topped 400,000 hectares, accounting for more than 30 percent of the total.

But the total wheat planting area dropped this year from 1.3 million hectares to about 1.2 million hectares.

In the province, the average wheat output per mu (one mu equals 0.6667 hectares) reached 189.3 kg, an increase of 19.3 kg from last year.

#### **Jilin Leaders Discuss Economic Development**

*HK0808123194 Hong Kong WEN WEI PO in Chinese 11 Jul 94 pp A1, A2*

[Report on "exclusive" interviews with He Zhukang (0149 4554 1660), secretary of the Jilin Provincial CPC Committee, and Jilin Governor Gao Yan (7559 0917) by correspondent He Liangliang (0149 0081 0081) and special correspondent Jiang Weiping (1203 4850 1627)

in Changchun; date not given: "Jilin Provincial Secretary and Governor Interviewed on Building Economic Center in Northeast Asia"]

[Text] Changchun (10 Jul)—In two exclusive interviews with our correspondents He Zhukang, secretary of the Jilin Provincial CPC Committee, and Jilin Governor Gao Yan told WEN WEI PO that after a reassessment of their local conditions, the provincial authorities and the local population have come to realize that their province is a border and coastal province, rather than a heartland province. The gaining of this new vista helps Jilin grasp the current historical opportunity, firmly deepen the reforms, widen the scope of opening up the province in all respects, stabilize and develop the rural economy, deepen the reform of state-owned enterprises, give free rein to the development of tertiary industry and the private economy, and strive to develop the province into a regional center of economic cooperation in Northeast Asia between now and the year 2010.

According to He Zhukang, Jilin is a border and coastal province. Within Jilin runs the 230-kilometer Sino-Russian border and the 1,200-kilometer Sino-Korean border. It is only 15 kilometers from the Sea of Japan and four kilometers from the Russian port of Posyet, and is directly accessible by sea through the Tumen River. Jilin is at the heart of the Northeast Asian economic circle formed by Japan, Russia, North Korea, South Korea and northeastern China. Hunchun, which lies on the lower reaches of the Tumen River and is the geographical center of northeast Asia, has been approved by the State Council in 1992 as the first in a group of coastal open cities. The United Nations Development Program has decided to provide 30 billion dollars to turn the Tumen River delta—shared by China, Russia and North Korea—into a sea-land communications center and an international trading center of Northeast Asia within 20 years.

According to Secretary He Zhukang, Jilin has a solid economic foundation and rich natural resources. With an area of 187,000 square kilometers and a population of 25 million, its per capita land area is larger than that in the heartland and than most parts in the northeast. Jilin has achieved all-round agricultural and industrial development, with industry carrying a heavier weight. It has long been an important commodity-grain production area, with over 20 percent of China's leading grain-producing counties found in the province. It is also one of the major corn-producing areas of the world, producing over 50 percent of China's exported corn. It also has rich reserves of ferrous and non-ferrous metals, and its forestry resources rank fourth in the country. On the industrial front, the First Automotive Group and the Jilin Chemical Group are two of China's giant state-owned enterprises. Together they form the backbone of China's motor vehicle and chemical production. The abundance of scientific and technological personnel is another advantage Jilin has over other provinces. All these factors are conducive to Jilin's rapid economic development.

With respect to the reform of economic systems, Governor Gao Yan said: Jilin will strive to establish a modern enterprise system based on the shareholding system under which shares can be traded on the market, and to straighten out property rights relations. The reform is entering a new phase of trying out new systems and achieving better coordination. Jilin has over 3,400 state-owned enterprises run by the people, as well as 44 newly established enterprise groups. The Jilin Chemicals Market, the Northeast Timber Market and the Changling Oils Market are new markets established in recent years. They all have important roles to play in the country. The mechanism of pricing by market forces has taken basic shape, and the prices of coal, processed oil, cement, timber not subject to unified allocation, and some chemical raw materials have been deregulated. Recognizing the large number of state-owned enterprises in the province, a social security system has been instituted, and all state-owned enterprises have taken out unemployment insurance in the reform of the state-owned enterprises in order to maintain social stability.

On Jilin's future development, Governor Gao Yan said: Jilin first of all will widen the scope of opening up. The strategic objectives in this connection are: Face the two seas (the Sea of Japan and the Bo Hai Sea); establish two belts (the east-west open belt, meaning the new Eurasia land bridge, which extends from Hunchun to Erenhot in Inner Mongolia and Ulaanbaatar in Mongolia to Chita in the Russia, and the north-south open belt, meaning the highways and railways extending from Changchun, Shenyang and Jiamusi to Yingkou); raise the industrial level (readjust the industrial structure, and strengthen the development of the infrastructure, such as energy and communications, as well as the automotive, chemical and other mainstay industries); and upgrade overall standards (the improvement of economic quality and the advancement of the province in overall economic strength). Second, Jilin will turn its superiority into actual economic results, as well as technological and industrial superiority. Jilin enjoys manpower superiority because it has a large number of colleges and universities and national-level research institutions. Since the future of Jilin depends mainly on highly qualified personnel, the provincial authorities have drawn up a program for achieving prosperity through education and technological advancement.

In recent years, Jilin has achieved significant progress in attracting foreign investment and capital. By the end of May, the province had signed foreign capital investment agreements worth some \$3.2 billion and actually utilized \$1.9 billion. There were only 200-plus foreign enterprises in Jilin before 1992, now there are over 2,800. The growth rate is astonishing.

Forty-four percent of these foreign enterprises have been established by Hong Kong businessmen. Trade negotiations held in places like Hong Kong, Russia and Seoul in recent years have yielded excellent results. The Shangri-la Hotel, funded by Hong Kong business tycoon Kwok



Hok-nien is now under construction in Changchun. Border trade also is thriving. Last year, the volume of border trade reached 500 million dollars, more than double the 1992 figure. According to Gao Yan, the province is stepping up fundraising for ten major projects, including the First Automotive Group's 300,000 Sedan project. Substantial progress has been achieved in some of these projects. The expressway between Changchun and Siping is now under construction.

Secretary He Zhukang also disclosed the following comment made by Vice Premier Zhu Rongji during a recent inspection tour of the province: Jilin "is in excellent condition and has good staying power. It has difficulties, but it will find ways of dealing with them." Zhu Rongji also helped overcome some of the difficulties Jilin encountered in the course of development.

#### **Liaoning Province Removes State Cadres From Enterprises**

HK0608074994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0725 GMT 21 Jul 94

[Text] Shenyang, 21 Jul (ZHONGGUO TONGXUN SHE)—Tens of thousands of "state cadres" will "disappear" from among the thousands of enterprises wholly owned by the people in Liaoning Province, in a key step undertaken by the province in its reform of enterprise personnel systems.

In accordance with the requirements of the state personnel system reform program, relevant provincial departments have decided that state cadres working with enterprises wholly owned by the people will cease to be

titled "state cadre" and will not carry state administrative rank. Enterprises may hire them according to production or operational needs; for those not hired, it will be arranged for them to work as workers and enjoy workers' pay and conditions. At the same time, those who have been ordinary workers may be hired for management and technical positions and may enjoy pay and conditions corresponding to the new positions.

#### **Liaoning TV Station Compensates Factory in Libel Suit**

HK0708073794 Beijing CHINA DAILY in English 6 Aug 94 p 3

[Report: "TV Station Pays For Inaccuracy"]

[Text] The provincial television station of Northeast China's Liaoning Province had to pay 300,000 yuan (\$35,000) to a pharmaceutical factory for an inaccurate news report, which is said to be defamatory.

The sum is believed to be the biggest awarded for cases involving defamation, according to the Beijing-based China Industry and Commerce News.

On March 12, the Liaoning Television Station reported that a couple attempting suicide did not die because they took inferior sleeping pills produced by Zhumadian Pharmaceutical Factory in Central China's Henan Province.

The factory later argued that the sleeping pills taken by the couple were newly-developed ones and, unlike the traditional pills, would not cause death even if a big dosage was taken.

It sued the station, saying that the news broadcast had caused it to lose contracts worth more than 10 million yuan (\$1.15 million)

**ARATS, SEF Meetings on Strait Issues Continue****Mail Services Agreement**

*OW0508131694 Beijing XINHUA in English 1255  
GMT 5 Aug 94*

[Text] Taipei [Taipei], August 5 (XINHUA)—The talks between the heads of the mainland's Association for Relations Across the Taiwan Straits (ARATS) and the Taiwan-based Straits Exchanges Foundation (SEF) today achieved common understanding on the topics of increasing the types of side copies of notarized documents and opening express mail services across the Taiwan Straits.

At a news briefing following this morning's talks, Tang Shubei, executive vice-president of ARATS, said that both sides agreed in principle that there are four kinds of side copies of notarized documents to be increased in the mail service across the straits.

He said that the two sides agreed to conclude an agreement about the issue with the participation of notary experts.

He said that the two sides also agreed that such experts on the mainland and in Taiwan should exchange visits.

The two sides agreed to open express mail services across the straits in principle and they will sign an agreement on it with the participation of experts.

ARATS and SEF also discussed the improvement of telecommunication quality across the straits.

Authorized by the related departments of the mainland, Tang told his Taiwan counterpart his opinions about handling emergency incidents concerning the safety of compatriots across the straits, including shipping back corpses, dissecting corpses and news media coverage of emergency incidents.

In talks held this morning the two sides also reached a common understanding on the exchange of news across the Taiwan Straits.

Chiao Jen-ho, SEF's vice-chairman and secretary general, said that the two sides agreed in principle to enhance news exchanges across the straits.

He said that they agreed that in the case of an emergency incident, the two sides will relax the relevant regulations for processing requests from news media to cover the incident.

According to Chiao, the two sides had different views about setting up branches of news media organs on the other side.

**Agreement on Notarized Documents**

*OW0608045294 Beijing XINHUA Domestic Service in Chinese 1421 GMT 5 Aug 94*

[By reporters Wang Chi (3769 3589) and Chen Jianshan (7115 1696 1475)]

[Text] Taipei [Taipei], 5 Aug (XINHUA)—The responsible persons of the Association for Relations Across the Taiwan Straits [ARATS] and the Strait Exchange Foundation [SEF] this morning reached a certain common understanding on increasing the kinds of notarized documents to be delivered between the two sides, the launching of express mail services, and other issues.

ARATS Executive Vice Chairman Tang Shubei and Chiao Jen-ho, vice chairman and secretary general of Taiwan's SEF, respectively explained the state of the talks between the two sides to reporters following the conclusion of the talks.

Tang Shubei said that the contents of the common understanding reached by the two sides included: The two sides have agreed in principle to increase the kinds of notarized documents to be delivered between the two sides and to reach written agreements between the people concerned with the participation of notarial experts; the two sides have agreed to make arrangements for mutual visits by notarial experts; the two sides have agreed in principle to open express mail services and to reach an agreement with the participation of experts concerned; and the two sides have agreed to hold discussions on improving the quality of telecommunications between the two sides.

Being formally entrusted by the mainland side, Tang Shubei expressed opinions of the mainland side on handling urgent matters, especially cases which may influence the safety and lives of compatriots on the two sides of the strait, including the shipping of remains of compatriots of the two sides, opinions on autopsies, and demands concerning news coverage of unfortunate incidents.

According to Chiao Jen-ho, the two sides have also agreed in principle to strengthen exchanges of media personnel.

**Proposal on 'Unfortunate Incidents'**

*OW0608050394 Beijing Central Television Program  
One Network in Mandarin 1411 GMT 5 Aug 94*

[From the "Night News" program]

[Text] The first round of talks in Taipei [Taipei] between Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Straits [ARATS], and Taiwan's Strait Exchange Foundation entered its second day today. [video shows close-up shot of Tang Shubei and switches to show the two sides holding talks in a conference room]

After today's talks, Tang Shubei said that the two sides reached a common understanding on two formal topics of discussion.

According to the scheduled agenda, the two sides discussed the issues of broadening the use of copies of notarized documents and of opening express mail services.

At a news conference after the talks, Tang Shubei announced that the two sides have agreed in principle to increase the types of acceptable copies of notarized documents. On this issue, the two sides agreed to permit mutual visits and mutual assistance by concerned notarial experts of the two sides.

The two sides also agreed in principle to open express mail services. In addition, the two sides agreed to hold discussions on improving the quality of telecommunications across the straits.

Being entrusted by the departments concerned of the mainland side, Tang Shubei today put forward to the SEF the mainland side's four formal opinions on the occurrence of unfortunate incidents which may endanger the safety or lives of compatriots of the two sides:

1. If there are deaths of Taiwan compatriots on the mainland caused by unfortunate incidents, the remains of Taiwan compatriots will be transported back at the request of their relatives on the condition that aircraft on the mainland are capable of transporting those remains;
2. The prompt carrying out of autopsies—according to relevant laws—on the remains of Taiwan compatriots who die in unfortunate incidents is for the purpose of solving those cases as quickly as possible. The ARATS is willing to contact the departments concerned to promptly notify their relatives in Taiwan;
3. If reporters from Taiwan request on-the-spot news gathering about cases in which the lives of Taiwan compatriots are endangered, the ARATS will coordinate with the mainland departments concerned and will provide assistance to the reporters. However, the mainland will not allow reporters disguised as relatives of those victims to gather news; and
4. If compatriots from the mainland die in Taiwan, it is hoped that the SEF will also act in the same manner as mentioned above.

It was also learned that Tang Shubei yesterday afternoon went to the SEF to pay a courtesy call on SEF Chairman Ku Chen-fu.

#### **Agreement on Hijackers Repatriation**

OW0708151694 Beijing XINHUA in English 1459  
GMT 7 Aug 94

[Text] Taipei, August 7 (XINHUA)—After four days of talks, heads of the non-governmental organizations of the mainland and Taiwan have reached common understanding here today on three major issues including repatriation of airline hijackers.

The two sides have decided to sign an agreement on the issues "as soon as possible," announced Tang Shubei, vice-chairman of the mainland's Association for Relations Across the Taiwan Straits (ARATS) and Chiao

Jen-ho, vice-chairman of the Straits Exchange Foundation (SEF) from Taiwan, at a press conference following today's 9-hour intensive discussion.

The two sides have held five working talks on the issues since May last year.

Tang said that the differences were patched up because each side took into consideration "to a large extent" the stance and viewpoints of the other side during the talks.

Chiao noted that it is really of great help when senior officials from the two organizations exchange viewpoints candidly in a face-to-face talk.

The two sides discussed the framework of the press release and reached agreement on both the content and the terms used in the press release.

The press release on Taipei talks between ARATS and SEF is expected to be made public soon.

Both Tang and Chiao expressed their willingness to facilitate the second talk between Wang Daohan and Ku Chen-fu, top leaders of ARATS and SEF.

Specific discussions will be held between the two sides on the time and place of the meeting.

The first "Wang-Ku" meeting was held on April 27-28, 1993 in Singapore.

#### **'Last-Minute Agreement' Reached**

HK0808052494 Beijing CHINA DAILY in English 8  
Aug 94 p 1

[By Gao Anming: "Straits Talk Achieves Last-Minute Agreement"]

[Text] Taipei [Taipei]—Cross-Straits negotiators yesterday broke through the deadlock that has beset talks over the last year and resolved their differences at the eleventh hour.

Taiwan agreed to repatriate plane hijackers from the mainland.

And the mainland conceded that the repatriation deal should be extended to all criminals.

Last-ditch negotiations between Beijing-based Association for Relations Across the Taiwan Straits (ARATS) and the Taipei-based Straits Exchange Foundation (SEF) also resolved recent fishing disputes and procedures for returning illegal immigrants.

Tang Shubei, ARATS Vice-Chairman and his SEF counterpart, Chiao Jenho, emerged to meet the press with broad smiles after they had prolonged the current round of talks by half a day in order to reach a last-minute agreement.



### Common expression

"We have found a common expression (on the three issues) after fully taking into account the other's stand and views, and overcoming the stumbling blocks," announced a happy Tang.

ARATS agreed to SEF's demand that the send-home deal be extended to other criminals. The mainland had previously insisted that criminal acts were too big a category to be covered by the hijacker accord.

Repatriation will only take place once criminal procedures have been exhausted at the side where he landed.

On fishing disputes, the two sides agreed that patrol boats should monitor and record clashes, and respect the self-mediation efforts of the disputing parties. The agreement also applies to supply boats.

On immigration, ARATS said it would speed up its procedure for verifying the identity of illegal migrants. It also agreed to pay accommodation, transport and administration costs to Taiwan for returning immigrants, which the mainland failed to collect.

Chiao said that the breakthrough demonstrated that "it is of great significance if the senior leaders of the two organizations exchange views face to face."

During a joint 20-minute news briefing, Chiao twice thanked Tang for his sincerity and the responsibility he had taken. Chiao said he would push for a second summit between ARATS Chairman Wang Daohan and SEF Chairman Koo Chen-fu now that the two sides had successfully tackled the three issues. But, Chiao cautioned that he would have to report to his superior, "the Mainland Affairs Council [name as published]," to finalize such a meeting.

### Summit

Tang said he would discuss the matter with Chiao and try and fix a date for the summit as soon as possible.

The two sides bypassed previous wording disputes about where the repatriation comes from: the mainland can only demand repatriation if the hijacker is not a resident of Taiwan.

This blocked the two sides during the five rounds of talks over the past year.

Yesterday evening, Tang held a banquet in Chiao's honour to thank the latter for the assistance he provided throughout the talks.

The two non-governmental organizations had originally planned to issue a joint press communique on the last day of their scheduled negotiations.

But the document, which will record their common views on scientific, cultural and educational exchanges and a cross-Straits express mail service, will now be issued today.

The delay was not explained, but it appears to have been caused by lack of time to finalize the wording.

The two vice-chairmen said they would finalize the wording on the three issues, and formally sign the agreements as soon as possible. They did not give a specific date.

The ARATS delegation was scheduled to leave Taipei this morning, but Typhoon Doug, which struck the island yesterday afternoon, is likely to delay departure.

### Proposal on Emergencies 'Not Enough'

HK0808055094 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1027 GMT 5 Aug 94

[By reporter Zhang Suifeng (1728 4482 1496)]

[Text] Taipei, 5 Aug (ZHONGGUO TONGXUN SHE)—On the question of contacts and handling of cross-strait emergencies, Tang Shubei, vice executive chairman of the Association for Relations Across the Taiwan Strait [ARATS], presented the mainland's four-point proposal to Chiao Jen-ho, deputy director and secretary general of the Straits Exchange Foundation [SEF]. In light of the agreements signed at the Wang Daohan-Ku Chen-fu meeting, ARATS has been authorized to take part in making contacts and handling the appropriate events. ARATS will have the legitimate right to intervene in other areas only after the relevant agreements are signed between the two cross-strait organizations.

The mainland's four-point proposal includes: First, if unfortunate incidents result in the deaths of Taiwan compatriots, their remains will be returned to Taiwan at their relatives' request as long as it is within the capacity of mainland aircraft. As the precedent has been set, this practice will continue in the future. If the request is beyond the capacity of mainland aircraft, the two cross-strait organizations should seek agreement on a method acceptable to both sides. Second, in an effort to solve cases involving the Taiwan compatriots who die in unfortunate incidents, the relevant mainland departments will dissect the bodies in accordance with the law. ARATS is willing to contact the departments concerned and inform the deceased relatives in Taiwan immediately before the dissection, and assistance will be given to those relatives who want to come to the mainland. Third, if Taiwan reporters want to cover on-the-spot news involving the death or safety of Taiwan compatriots on the mainland, ARATS is willing to help the relevant mainland departments and offer as much assistance as possible within the mainland's provisions on news reporting. Reporters who pretend to be relatives of the deceased will not be permitted to go the scene of the accident. Fourth, if mainland compatriots die in Taiwan, we hope that SEF will respond in the same manner described above.

At a news conference after the meeting, Tang Shubei explained that the bodies of Taiwan compatriots who

died in the Qiandao Lake incident could not be delivered to Taiwan because they had decomposed. When relatives request the delivery of bodies, the means of delivery must be decided by the two cross-strait organizations. As far as the autopsy was concerned, the law enforcement organs have the right to dissect the bodies according to mainland law, but the relatives must be informed. As no agreement has yet been reached between the two sides on court or judicial assistance, there are some difficulties in informing relatives. ARATS is willing to vigorously offer assistance in this regard, and these matters would be better resolved if there were a specific agreement.

After the meeting, Chiao Jen-ho said that he personally believed that the mainland's four-point proposal was not enough. Taiwan maintains that more commitments can be made in the areas of notification on emergencies, humanitarian assistance by the two organizations, handling of dead bodies, respect for the relatives' wishes, and respect for freedom of news coverage.

Tang Shubei said that Taiwan's Mainland Committee was established after SEF, while the mainland's relevant departments had done Taiwan work before the establishment of ARATS. ARATS can do work involving Taiwan only when it is authorized and in areas where an agreement has been reached between ARATS and SEF. He hoped that the two organizations could reach more agreements so that ARATS can legally get involved in relevant areas.

#### Talks Make Progress on Issues

OW0608141294 Beijing XINHUA in English 1353  
GMT 6 Aug 94

[Text] Taipei [Taipei], August 6 (XINHUA)—The talks between the mainland's Association for Relations Across Taiwan Straits (ARATS) and the Taiwan-based Straits Exchanges Foundation (SEF) have made progress in the issues of exchanges of economy and trade, science and technology, culture, the youth and press.

Tang Shubei, ARATS executive vice-president, said that on the question of handling economic and trade disputes across the straits, both sides agreed to jointly sponsor symposiums with the participation of experts to discuss Taiwan businessmen's investment in the mainland.

In scientific, technological and cultural exchanges, he noted, ARATS and SEF agreed to expand the scope of exchanges to physics, chemistry, mathematics, aerospace science, medicine, biological engineering, anthropology, history, linguistics and statistics.

The two sides will make efforts to work out the details of the contents of the scientific, technological and cultural exchanges, he added.

As for media exchanges, he said, in line with the regulations of each side, the two sides will arrange for the chief officials of the media management departments of the two sides to organize exchange programs.

Tang said that both sides had achieved a common understanding on the question of fisheries disputes.

He said that the two sides will discuss the question of repatriation of hijackers and people who have entered the area of the other side in violation of relevant regulations, and related questions, tomorrow.

This afternoon, at SEF's arrangement, Tang visited Sun Yun-xuan, SEF's honorary chairman.

Sun said that he hoped the two sides would hold talks with "confidence, attention and patience" and "goodwill and sincerity".

Tang and his counterpart Jiao Ren-ho, SEF's vice-chairman, announced that the two sides intend to issue a joint news letter when the talks are over.

Tang said that the statement will include the common understanding achieved by the two sides as well as differences over some questions.

He said that it will be helpful for finding solutions to problems in the future.

He said that both he and Jiao shared the view that they should not give up their efforts to come to an agreement until the very last moment.

#### 'Major Progress' Made

OW0808084694 Beijing XINHUA Domestic Service in  
Chinese 0434 GMT 8 Aug 94

[By reporters Wang Chi (3769 3589) and Chen Jianshan (7115 1696 1475)]

[Text] Taipei [Taipei], 8 Aug (XINHUA)—Major progress has been made in the talks in Taipei between senior officials of the Association for Relations Across the Taiwan Strait [ARATS] and the Strait Exchange Foundation [SEF]. The two sides have reached a common understanding regarding to all differences on three topics of discussion, and will sign an agreement as soon as possible.

After a day-long intensive discussion, Tang Shubei, ARATS vice chairman, and Jiao Renhe [Chiao Jen-ho], SEF Board vice chairman and concurrently secretary general, announced the results of the discussion at a joint news conference in Taipei on 7 August.

On the "repatriation of personnel entering the other side's area in violation of the relevant regulations and other related issues," the two sides have agreed to work out various proper arrangements. On the topic of "repatriating cross-strait hijackers," the two sides have adhered to the common understanding that hijackers should in principle be repatriated. On the handling of hijacking and other crimes, the two sides maintain that "hijackers will be repatriated during the stage of investigations"; that in special cases, repatriation will be decided by the side receiving the request on the merit of circumstances; and that, in the event of a hijacker having

committed other crimes, the repatriation will be made upon completion of criminal procedures.

On the topic of "consultations for handling cross-strait maritime fishery disputes," the two sides have reached common understanding on the following wording: "if the site of a fishery dispute is within the operating range prescribed by the official ship of one side, the official ship of that side should take action to preserve evidence and, in observance of the agreement's provisions, respect and help the parties concerned to seek a settlement on their own."

Tang Shubei said: Each side took into consideration to a large extent the stance and viewpoints of the other side to overcome difficulties; and methods for solving problems, which are acceptable to both sides, were finally found. Jiao Renhe said: It is of great help when senior officials from the two organizations candidly exchanged views in a face-to-face talk.

Tang Shubei will hold a farewell banquet here this evening [as received] to thank the understanding and support from the people in various circles in Taiwan for the talks between the two organizations' senior officials.

#### **Tang Urges Avoidance of Politics**

*OW0608085794 Beijing XINHUA in English 0845 GMT 6 Aug 94*

[Text] Taipei [Taipei], August 6 (XINHUA)—The current talks between two non-governmental organizations of Chinese mainland and Taiwan should avoid political issues and try to find out solutions to practical barriers in exchanges across the Taiwan Straits.

The remarks were made by executive vice-president of the mainland's Associations for Relations Across the Taiwan Straits (ARATS), Tang Shubei, here today at a meeting with his Taiwan counterpart, Chiao Jen-ho, vice chairman of the Straits Exchange Foundation (SEF).

He also said that the stance and interests of both sides should be taken into account and rights and interests of the compatriots in the mainland and Taiwan be protected.

Tang said he was repeating this agreement reached by the two sides in talks in Beijing earlier this year so that the two sides might reach agreement in their talks as soon as possible.

In that meeting, the heads of the both sides had agreed that they would "avoid political issues and take a practical attitude in their working meetings".

Tang said the ARATS had reiterated time and again that as a non-government body, it had not been authorized to discuss law jurisdiction and other issues of political nature in its talks with the SEF.

He noted that the Taiwan side has also remarked recently that jurisdiction would not be discussed and therefore, would not be a problem in talks between the ARATS and the SEF.

Avoiding political issues is a necessity for the talks to adhere to its people-to-people nature, and only by so doing could the two sides maintain their mutual respect and practical attitudes, Tang said.

He said it is the ARATS's point of view that the two sides have to seek an expression form in their talks that will leave a margin for each to explain and operate on its own, so that the position and interests of neither side shall be hurt.

Tang said talks between the two sides should put priority on dealing practical problems arising from exchanges across the straits to protect the justified interests of the people on both sides.

Tang said, the two sides should reach agreements first on those points where they had come to common understanding instead of letting those difficult issues preventing the talks from reaching any agreements.

He said that two sides should reach immediate agreements on the repatriation of hijackers and persons on illegal residence on either side, and the settlement of fishery disputes, as they are of direct interests to people on both sides of the Taiwan Straits.

Tang said finally that he is willing and ready to work with Chiao Jen-ho for early agreements in their talks, based on the common understandings they had reached during the February meeting.

#### **Tang on Taiwan DPP's Protests**

*OW0608132294 Beijing XINHUA in English 1309 GMT 6 Aug 94*

[Text] Taipei [Taipei], August 6 (XINHUA)—Tang Shubei, head of mainland non-governmental organization said here today that he is willing to exchange views at convenient time in future with those people in Taiwan who have different views on the direction in which the relations across the straits should move.

Tang, executive vice-president of mainland's Association for Relations Across Taiwan Straits (ARATS), made the remark at a news briefing when answering a question about the protests made by Taiwan's Democratic Progressive Party (DPP) during the talks between tang and his counterpart in Taiwan.

He said that in the past he had exchanged views with some of those people, but due to his mission this time, it is inconvenient for him to exchange views with them.

However, he said, that doesn't mean he is unwilling to exchange views with them.

On the DPP's protest activities, Tang said it was not sensible for the DPP activists to burn the national flag of the People's Republic of China.

He noted that the action was unfavorable to the development of the relations of the two sides.



He pointed out that those people's protests showed that they did not know the mainland. With the elapse of the time, as most of those people come to know the mainland, the situation will change, he added.

He called for leaving the political differences aside until the time is ripe and permitting exchanges to melt hostility.

It is learned that during the talks, Jiao Ren-ho, vice-chairman of the Strait Exchange Foundation (SEF), told Tang that Huang Kun-hui, chairman of Taiwan's "Mainland Affairs Council" had indicated he could meet Tang at his office. In response, Tang said that there would be time for that, but this time he had no plan to call on Taiwan's governmental organs.

### **Tang Views Handling Cross-Straits Issues**

OW0708080494 Beijing XINHUA Domestic Service in Chinese 1402 GMT 6 Aug 94

[By reporters Wang Zhi (3769 3589), and Chen Jianshan (7115 1696 1472)]

[Text] Taipei [Taipei], 6 Aug (XINHUA)—During the business talks in Taipei between the ARATS [Association for Relations Across the Taiwan Straits] and SEF [Strait Exchange Foundation], ARATS Executive Vice President Tang Shubei stated his association's position and proposals for settling differences arising from the talks.

Tang Shubei said: During the current talks, we have been trying to seek a mutually acceptable way to address specific problems on the premise of avoiding political issues but reserving room for individual interpretations and maneuvering. This is a useful attempt. In order that an accord can be reached soon and that experiences can be gained for facilitating future business talks, I would like to further expound ARATS' viewpoints and position.

1. ARATS, as a nongovernment body, has yet to have the authorization to discuss political issues, such as "legal jurisdiction," with SEF during the ARATS-SEF talks on business issues. Thus, there is no such issue of one side being disrespectful of the other side's "legal jurisdiction." The differences arising from the two sides' talks over the past year or so are irrelevant to whether or not Taiwan's "legal jurisdiction" was "respected" or "recognized." The two sides have reached a common understanding that the talks between the two associations should be nongovernmental, and that during their talks on business issues, they should avoid sensitive political issues and should not try to impose one side's political views on the other side through reaching an accord. The practical way to express mutual respect is through avoiding the discussion of sensitive political issues.

2. Different social systems and different norms exist on the two sides of the straits. Owing to the objective differences in each other's norms, as can be observed in

the talks, ARATS, as a nongovernmental body, proposes that a mutually acceptable way of expression be sought on the premise of reserving the room for each other's maneuvering so that problems between the two sides can be handled pragmatically. Only by so doing will the positions and interests of both Taiwan and the mainland not be jeopardized.

For example, when our two associations discussed the issue of handling fishery disputes, we proposed that we should not discuss the shipping issue or other issues which have nothing to do with fishery disputes so that sensitive issues can be avoided, the talks will not be complicated, and an accord can be reached at an early date. About the issue on mediating fishery disputes, ARATS proposes that the two sides' mediation organs carry out mediation through consultations, and when the two sides have reached an accord, each side should enforce it on its own and make sure that the enforcement is effective. Each side, however, should do whatever it deems appropriate in enforcing the accord.

3. The business talks between ARATS and SEF should give priority to effectively addressing specific problems arising from cross-strait contacts, and to safeguarding the legitimate rights and interests of countrymen on both sides of the straits. In light of this objective, the two sides should attach special importance to the spirit of "respecting one another and seeking consensus while reserving differences" during their consultations, and reach an accord on issues for which common understanding has been reached. For those differences which cannot be dealt with for the time being, they may be dealt with in the future when conditions have become more favorable for their solution. We should not let differences on one or two points affect the signing of an accord because that will be harmful for the vital interests of countrymen on both sides of the straits.

Tang Shubei expressed readiness to join Mr. Jiao Renhe [Chiao Jen-ho, SEF secretary general] to exert continual efforts in seeking a way to settle differences and reach an accord on the basis of the common understanding and ideas reached in last February.

### **Tang on Emergency Incident Procedures**

OW0708144294 Beijing XINHUA Domestic Service in Chinese 1427 GMT 6 Aug 94

[By reporter Wang Zhi (3769 3589) and Chen Jianshan (7115 1696 1475)]

[Text] Taipei [Taipei], 6 Aug (XINHUA)—In the talks between the responsible persons of the Association for Relations Across the Taiwan Straits [ARATS] and the Strait Exchange Foundation [SEF], executive vice chairman of the ARATS Tang Shubei has put forward the stand and suggestions of the ARATS on handling incidents concerning safety and damage to the property of compatriots across the straits in contacts between people of the two sides over recent years.

Regarding the notification and methods of handling emergency incidents in contacts between people of the two sides, Tang Shubei said: In recent years, the number of contacts between people of the two sides has become increasingly large, and incidents concerning safety and damage to the property of compatriots across the straits have occurred quite frequently. The mainland side has always protected the safety of Taiwan compatriots who have come to the mainland for travel, investment, business, or exchanges in accordance with the law, and has handled all cases which endanger the safety of Taiwan compatriots according to the law without lenient treatment to law offenders. The mainland side has done that in the past and will do so in the future. On the basis of related agreements reached in the Wang-Ku Talks, the ARATS has actively played its role of coordination and assistance and has completed a lot of work. In the future, the two organizations should, on the basis of existing agreements, strengthen contacts and cooperation in handling emergency incidents.

Tang Shubei was authorized to express opinions to Taiwan's SEF on issues of shipping back corpses of Taiwan compatriots who died on the mainland, the autopsy of bodies of Taiwan compatriots who died in an unnatural way on the mainland, the on-the-spot news coverage of incidents concerning the safety of Taiwan compatriots by Taiwan's reporters, and compensation for Taiwan travelers who died in incidents on the mainland.

Concerning the personal safety of Taiwanese businessmen who make investments and operate business on the mainland, Tang Shubei said: We encourage Taiwanese merchants to make investments and do business on the mainland in a legitimate manner, and will take all measures to protect their personal safety. There are also clear stipulations in the law in this respect. Over the past years, there have been some individual cases of endangering the personal safety of Taiwanese businessmen, and concerned departments in various locales have all adopted measures to solve those cases. The ARATS has also done a lot of work to this end. During the preparatory meeting and formal Wang-Ku talks in April last year, the two sides extensively exchanged opinions on this issue and agreed to discuss the issue in the agenda of talks on "the rights and benefits of Taiwanese businessmen's investment on the mainland and related matters." After the Wang-Ku talks, the ARATS repeatedly called for starting discussions on this subject as soon as possible. Now, we once again suggest that discussion of this subject be held as quickly as possible.

On the question of the military on Taiwan firing at fishermen from the mainland's coastal region and causing personal injury and property damages, Tang Shubei said: Taiwan has continued some practices adopted during military confrontation between the two sides of the strait. In view of the current situation, characterized by growing relaxation of relations and increasing exchanges and contacts between the two sides,

the continuation of such practices has seriously damaged mainland compatriots' personal safety; and this is inconsistent with the maintenance of a stable and harmonious atmosphere and the safeguarding of the lawful rights and interests of compatriots on both sides of the strait. The ARATS and SEF, proceeding from the concern for and the safeguarding of personal safety and property of compatriots on both sides, should urge and assist the relevant department to bring to an end the chronic inhumane behavior of Taiwan's military firing at mainland fishermen and causing personal injury and property damages.

He said: The mainland's relevant department has paid close attention to this question and has repeatedly instructed the ARATS to bring up this serious question with the SEF. During the preparatory discussion for the Wang-Ku Talks in April last year, SEF responsible persons expressed the willingness to relay our concern to Taiwan's relevant department. Recently Taiwan's relevant department, maintaining that the question was caused by mainland fishermen's "illegal trespassing" and "intrusion into military defense zones," which affected the "security of defense zones," rejected any discussion whatsoever on the question. We believe that it is entirely possible to find a solution if the question is handled realistically from the simple perspective of preventing the injury and death of mainland fishermen. We urge Taiwan's relevant department to reconsider its stand.

As far as the question is concerned, he suggested to the SEF: In the spirit of humanitarianism, no personal injury or property damages should be inflicted on fishing boats and fishermen engaging in normal production operations on the seas; those who cause personal injury and property damages should be held liable for indemnity, be severely punished, and give reasonable indemnity to victims; and the ARATS and SEF should provide necessary assistance to victims and their families in claiming their rights.

On the question of handling the aftermath of a death incident of mainland fishery workers due to Taiwan's inadequate rescue efforts, he said: On 10 July, a Taiwanese boat "Shanghao No. 3" at berth in the shelter haven outside the Suao Port was capsized by a strong typhoon. Preliminary investigations show that 10 fishery workers from the mainland died in the accident. We believe that the Taiwan relevant department's regulation on punishing entry into the shelter port by mainland fishery workers staying at the so-called "maritime hotel" and its failure to take prompt emergency rescue measures led to the "10 July murder case."

According to reports by fishery workers repatriated to the mainland, 18 fishery workers who were rescued to the shore and 56 who survived their leap into the sea were detained by Taiwan's police as "stowaway criminals." They were abused and insulted by policemen in every possible way at the police substation near where the boat was berthed and by the Police Department.

He said: On behalf of various parties, the ARATS puts forward the following demands: 1) Taiwan's relevant department should promptly find out and make public the truth surrounding the "10 July murder case" and the treatment of mainland fishery workers during their detention; and should also affix the responsibilities of those who caused the accident. 2) It should properly preserve the victims' remains, send them back to the mainland at an appropriate time, or dispose them of after their families visit Taiwan to identify the remains. 3) It should give indemnity to the victims and their families. 4) It should not discriminate against mainland fishery workers but should guarantee their personal safety and give them humanitarian considerations. It should also give a responsible explanation about its detention, beating, and insults of mainland fishery workers as they have reported, and should take necessary measures to compensate the physical and mental losses of those concerned. 5) In line with the relevant regulation of the "Jinmen Agreement," which forbids repatriation of personnel entering the other side's area because of force majeure, mainland fishery workers engaged in fishing or employed under fishery labor cooperation contracts should not be repatriated. 6) It should thoroughly reexamine its policy of turning away mainland fishery workers seeking refuge from Taiwan's fishing ports because of force majeure or under emergency situations, and should change the previous erroneous practice by abolishing the regulation discriminating against mainland fishery workers. The ARATS will further exchange views with the SEF on this matter.

On the question of stepping up the exchange of tourists and ensuring their safety, he said: The mainland's tourism and other departments concerned have attached great importance to the safety of Taiwan compatriots sightseeing in the mainland; and have adopted a series of practical measures and done tremendous work in this regard. Of course, problems exist regarding the safety of tourists, and there is room for improvement in the management of safety. These factors have affected, to some extent, the safety of mainland compatriots and Taiwan compatriots sightseeing in the mainland. The mainland's tourism and other departments concerned have paid close attention to the problems, and are actively taking effective measures to find a quick solution. As far as this matter is concerned, we welcome views, positive suggestions, and cooperation from Taiwan compatriots and the SEF.

On the question of safe travels raised by the SEF, he said: It is far insufficient to discuss the question of safety alone. To solve the question in a more satisfactory way, it is necessary to discuss other issues related to cross-strait tourist exchanges. The ARATS proposed last August discussions between the two organizations on the question of stepping up tourist exchanges. The contents of discussions we planned at that time were closely related to the adoption of joint measures by both sides to ensure safety of tourists. Regrettably, the proposal was not accepted by the SEF at that time. Today, we still

stand for holding discussions on stepping up cross-strait exchanges of tourists and ensuring their safety.

After identifying the practical problems existing in cross-strait tourist exchanges, he said: By increasing cross-strait tourist exchanges, we can take more effective and comprehensive measures to ensure safety of Taiwan compatriots sightseeing in the mainland. Meanwhile, we hope that Taiwan will promise to guarantee the safety of mainland compatriots sightseeing in Taiwan. Hence, we again propose that discussions on stepping up cross-strait tourist exchanges, including the safety issue, be started as soon as possible; and that the discussions, to be attended by personalities from the tourism circles on both sides, be aimed at formulating clear-cut regulations, so as to guarantee the issue of travel safety in cross-strait tourist exchanges in a true sense. This is the ARATS's basic attitude in proposing the handling of cases involving damages to life and property of compatriots of both sides in cross-strait exchanges and contacts. I would like to take this opportunity to put forth this proposal and to hold an informal exchange of views with Mr. Jiao Renhe [Chiao Jen-ho]. It is hoped that the two sides will have further discussions and strive to find common ground on the topic and begin discussion of specific cases.

#### **Tang Visits Taiwan Telecommunications Firm**

HK0808070094 Beijing XINHUA Domestic Service in Chinese 1430 GMT 5 Aug 94

[Special feature by reporters Wang Chi (3769 3589) and Chen Jianshan (7115 1696 1472): "An Old Friend Comes Amid Wind and Rain"]

[Text] Hsinchu, 5 Aug (XINHUA)—Under an arrangement by the Taiwan Straits Exchange Foundation [SEF], Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Strait [ARATS], visited the Hsinchu Scientific Industrial Park on the afternoon of 5 August. The visitor travelled more than 70 km by car from Taipei to Hsinchu via the Chungshan expressway.

At Taiyang Science and Technology Company Limited, a firm well-known for its development of satellite telecommunications equipment, Chairman Wang Huayan welcomed Tang Shubei and his entourage on behalf of the company staff. He said: "The Taipei talks between the persons in charge of SEF and ARATS are now the focus of attention of the Chinese both at home and abroad. I would like to express my highest respect for you, Mr. Tang Shubei, and for the staff of ARATS and SEF as well. May the talks be smooth and successful, and may they contribute to the well-being of the Chinese on both shores of the Taiwan Strait!"

The Taiyang Company was founded by eight young Taiwan engineers who returned to Taiwan from the United States in 1983 after their study overseas, bringing with them microwave telecommunication technology



from the other shore of the Pacific Ocean. Today, 11 years later, satellite telecommunication equipment developed by Taiyang has been carried to the Himalayas and the Great Wall and is in use around the world thus bringing credit to the Chinese.

Tang Shubei told Wang Huayan: "This morning we discussed with the Taiwan SEF how to improve the quality of telecommunication services between the two shores. Telecommunications between the mainland and Taiwan have been developing very quickly. On the mainland, the telecommunications industry is booming, and the market demand is enormous. We are happy to see Taiwan entrepreneurs exploring the mainland market." Wang Huayan smiled and nodded in approval.

After hearing a briefing on the company, Tang Shubei, with great interest, had a tour of the company's neat and bright workshops and labs. In a product showroom, Tang Shubei stopped before a portable satellite telecommunication system. General Manager Hsieh Chi-chia told him: "This system, which only weighs 10 kg, can be carried around very easily." Western reporters used this portable satellite telecommunication system to send pictures and reports from the battlefield during the 1991 Gulf War.

Hsieh Chi-chia invited Tang Shubei to try to make a phone call to Beijing with the system. With a sense of humor Tang Shubei asked: "Can I make a call to Beijing? Wouldn't that be a direct telecommunications link?" His remark was greeted with laughter. General Manager Hsieh immediately made an explanatory remark: "We are dialing from here to Beijing through the satellite, so it cannot be considered a direct link."

The phone call did not go through after two attempts. Tang Shubei said with a smile: "It seems that the quality of telecommunications really do need to be improved between the two shores. I hope this issue can be settled through the ARATS-SEF talks."

When Tang Shubei left Taiyang Company, it was raining very heavily. One of the Taiwan reporters covering the tour cited a verse to describe the situation: "An old friend comes amid wind and rain." Everybody smiled upon hearing this.

#### Article Lists Major Differences Between Organizations

HK0608074794 Hong Kong WEN WEI PO in Chinese  
3 Aug 94 p A2

[Dispatch from Taipei: "Where Do the Differences Between ARATS and SEF Lie?"]

[Text] Taipei, 2 Aug (WEN WEI PO)—The fifth routine talks between the Association for Relations Across the Taiwan Straits [ARATS] and the Straits Exchange Foundation [SEF] were brought to a temporary close today. After the four-day discussions, the three subjects—

including the repatriation of hijackers and illegal immigrants, the mediation and handling of marine and fishermen disputes, and so on—have fewer than 10 differences left to be ironed out during talks between Tang Shubei and Chiao Jen-ho.

The differences in the repatriation of hijackers are as follows:

—In the event that people from the Taiwan region hijack aircraft from mainland areas to Taiwan, the ARATS did not agree to using the expression that "these people will not be repatriated if they belong to their own side," but suggested using the expression that "the hijackers belonging to the side where the hijacked aircraft land should be handled by this side." The SEF suggested, however, that general terms be used so that they can apply to other criminals (and suspects) in the future.

—The ARATS agreed in the current talks that hijackers should be repatriated during the investigation if they are involved in hijacking only. As for the suggestion that they be repatriated after completing the procedures of investigation, trial, and judgment if they commit other crimes during the hijacking—such as murder and so on—the ARATS agreed to the spirit of this stipulation, but was not quite agreeable to the wording.

—On the issue of whether or not the agreement on repatriation of hijackers is applicable to criminals (and suspects), the ARATS agreed today that relevant procedures are partially applicable to the above agreement, that is, the application for repatriation and the method and handover of criminals may take the agreement on repatriation of hijackers as a reference.

On the substantive issue of "applicability," however, the ARATS maintains that it should be discussed later under the subject of "collectively cracking down on maritime crime," while the SEF maintains that it is not necessary to discuss the subject again because the basic content on repatriating criminals and hijackers is the same. Moreover, the key points of "collectively cracking down on maritime crime" lie in the exchange of information, the establishment of communication channels, the methods for seriously cracking down on crime, and so on, so they are not within the same framework as the subject of "repatriating hijackers."

The differences in the repatriation of people entering the opposite area in violation of pertinent stipulations and other interrelated issues (or the repatriation of illegal migrants for short) are as follows:

—With regard to voluntary repatriation, the SEF maintains that if one side fails to take its people back within a set period, the other side may send ships to repatriate them of its own accord. The ARATS disagreed and put forward six requirements for repatriation—insisting, among other things, that the extension of

time for examination and for ship maintenance should not be counted as part of the set period, and that one year is needed for revamping docks and accommodations for repatriated people.

—With regard to expenses, the SEF maintains that if one side delays in taking over its people, the other side may charge it the expenses for placement, transportation, and so on, while the ARATS proposed that the expenses be borne by each side respectively.

—With regard to the time required for examination of identity, the SEF considered that 20 days would be enough, while the ARATS asked for 30 days to complete the examination.

The differences in handling marine and fishermen's disputes are as follows:

—The scope of applicability: The SEF maintains that it should be applicable to all disputes among fishing vessels and between fishing vessels and other vessels, while the ARATS maintains that it should be confined to the disputes among fishing vessels only.

—The effect of mediation: The ARATS maintains that the results of mediation should be transformed into a notarial deed so that it should be mandatory to implement the results of mediation, but the SEF maintains that it cannot guarantee that the mainland's notarial deeds will be effective in Taiwan.

#### **Commentary on Taiwan's Equal Political Entity Proposal**

*OW0808075894 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 6 Aug 94*

[Commentary by station editor (Huang Keren); from the "News and Current Events" program: "On So-Called Equal Political Entities"]

[Text] Listeners, the white paper on cross-strait relations published by the Taiwan authorities puts cross-strait relations in the framework of equal political entities. Regarding this white paper, our station editor (Huang Keren) has written a commentary, entitled: On So-Called Equal Political Entities. The commentary points out: The white paper on cross-strait relations published by the Taiwan authorities stands for one China and opposes "two Chinas" or "one China, one Taiwan." This should be affirmed. However, it says that one China is meant by China as a country in the sense of history, geography, culture, and blood relationships. The 10,000-plus-character white paper is primarily for the purpose of advertising equal political entities. So, it actually violates the one China principle and shows its self-contradiction in policy. Even a REUTERS news analysis holds that Taiwan's mainland policy report is ideologically confused and playing a complex game.

The so-called political entity is an ambiguous political concept. It can mean a country, a government, or just a

political organization. If the political entity advocated by the Taiwan authorities is interpreted as a country or a government, it will create two Chinas or "one China, one Taiwan." This is resolutely opposed by the people on both sides of the strait. If it is interpreted as a political organization, it is apt to confuse the meaning of a country and its government even though it does not violate the one China principle. So, it is absolutely unnecessary to coin such a term.

In fact, by advocating equal political entities, the Taiwan authorities are not seeking the mainland's recognition of them as a political organization, and this fact is clearly stated in the white paper. In foreign affairs, the Taiwan authorities say that they will not contend for China representation in the international community. However, they ask the mainland to admit that the two sides across the Taiwan Strait are two separate international legal persons and both have the right to participate in the international community on an equal footing, including the right to UN membership. In domestic affairs, the Taiwan authorities say that the two sides are divided and governed separately, each enjoying the right to exclude the other in the area of its jurisdiction. Someone says even more undisguisedly that the two sides are two independent sovereign states. This shows that the so-called equal political entities are actually meant to be two Chinas or "one China, one Taiwan" in another wrapping.

The white paper argues that it is entirely different in meaning from one China or "one China, one Taiwan" and emphasizes that it is the best option for promoting reunification of China. Such an argument is untenable. Since it is designed to split the motherland, how can it be separated from the scheme of two Chinas or "one China, one Taiwan"? Can we regard the attempt to perpetuate the temporary division and make the two sides two independent sovereign states as the best option for promoting China's reunification?

To create a theoretical basis for equal political entities and conceal the cause and true nature of the division between the two sides, the white paper describes the Taiwan question as a struggle between two systems and adopts two tactics. One is to distort history and deny the fact that after the victory of the War of Resistance Against Japan, the Kuomintang regime ignored the strong opposition by the people across the country, relied on a large quantity of U.S. aids to tear up agreements and start an anticommunist and antipeople civil war, was completely defeated, occupied Taiwan to continue a military confrontation, and caused the division between the two sides. The other tactic is to distort reality; slander the mainland; write off the mainland's great achievements in all fields over the last 40 years and more; and, using attack as a means of defense, ask the mainland to abandon the four cardinal principles and to accept Taiwan's system. The white paper says that China should not be reunified merely for the sake of reunification, and it should be reunified on the basis of freedom,

democracy, and equal prosperity. This fully shows that the Taiwan authorities' advocacy for equal political entities is a tactic to obstruct peaceful reunification and perpetuate division between the two sides. In the meantime, the white paper defends, rather than criticizes, the separatist forces in Taiwan that obstruct the development of cross-strait relations and oppose China's reunification. It criticizes the mainland, saying that the separatist forces are a product of the mainland's policy.

Taiwan's LIEN HO PAO pointed out that the change of attitude toward "Taiwan independence" is something notable in the white paper, and "Taiwan independence" has become a bargaining chip of the authorities in dealing with the mainland. Commenting on the change, Taiwan's CHUNGKUO SHIHPAO described it as being tantamount to indirectly promoting a separatist tendency. These analyses have hit the nail on the head.

#### **CPC Official on Taiwan Democratic Progressive Party**

*HK0808030294 Hong Kong LIEN HO PAO in Chinese  
6 Aug 94 p 13*

[Report by reporters Han Chien-hua (7281 0494 5478) and Wang Li-chuan (3076 5461 4831): "Wan Shaofen Says China Mainland's Attitude Toward Democratic Progressive Party Remains Unchanged"]

[Text] Wan Shaofen, executive deputy head of the CPC United Front Work Department, said the China mainland's attitude toward the Democratic Progressive Party remains unchanged. The departments concerned have been maintaining contact with members of the Democratic Progressive Party who visit the mainland on sightseeing tours as individuals or invest in enterprises in the mainland. Wan Shaofen said: As long as these people are not acting on behalf of the Democratic Progressive Party, they are welcome to start investment projects in

the mainland or to conduct fact-finding tours. But they will not be entertained if they come here to discuss the issue of Taiwan independence.

Mainland China is maintaining some contact with the Democratic Progressive Party, but it cannot be considered a contact between two parties. When interviewed by these reporters, Wan Shaofen noted that the China mainland is maintaining personal contact with individual members of the Democratic Progressive Party but not with the party as a whole. It is said that this is primarily because mainland China has misgivings about the Democratic Progressive Party's stand for Taiwan independence. When asked by the reporters whether mainland China would deal with the Democratic Progressive Party if it became the ruling party in Taiwan one day, Wan Shaofen sidestepped the question, saying that "we will talk about this at another time."

Wan Shaofen admitted that there is some disagreement about the name of the "United Front Work Department." Some people have suggested that the department be renamed, for example, as the public relations department, so that some misunderstandings among the public can be dispelled. But, she said, this name has been used for the past few decades, and the United Front Work Department's work covers a broad range of topics, including affairs related to democratic parties, nationality and religious affairs, links with Hong Kong, Macao, and Taiwan as well as abroad, contact with intellectuals, and economic work. Therefore, finding an appropriate way to rename the department is not easy.

Wan Shaofen also denied the report that the United Front Work Department is looking for spokesmen in Taiwan. Wan Shaofen said that the hearsay that she had put forth the tactic of "winning over some people while sending out our agents" as a part of the six-point guidelines she laid in 1992 for the United Front Work Department was simply not true.



## ARATS, SEF Negotiators Continue Talks

### Agreements on Certificates, Mail

OW0508142094 Taipei CNA in English 1318 GMT 5  
Aug 94

[Text] Taipei, Aug. 5 (CNA)—Negotiators from Taiwan and Mainland China ended Friday's [5 August] talks with agreement on the use of certificates and postal exchange, but no progress on travel safety and press exchange issues.

Chiao Jen-ho, leading delegate from Taipei's Straits Exchange Foundation (SEF), and his mainland counterpart Tang Shubei from Beijing's Association for Relations Across the Taiwan Straits (ARATS), agreed to broaden the use of certificates and to open cross-strait express mail services.

But big differences remain in mainland travel [words indistinct], especially regarding the March 31 Qiandao Lake incident in which 24 Taiwan tourists were burned to death while on a pleasure cruise in Zhejiang Province.

In response to Tang's remarks that the Qiandao Lake issue has been satisfactorily resolved, Chiao noted that many questions remain unanswered and Beijing's explanation of the incident was unsatisfactory.

Chiao called on the mainland side to handle the incident in a serious and fair manner and console the victims' families to make up for the setback in cross-strait relations.

As to unnatural deaths of Taiwan citizens in mainland China, ARATS agreed to let their families take care of the aftermath in the mainland [words indistinct] assistance in returning the bodies to Taiwan. ARATS would not oppose news gathering by [words indistinct] in the mainland, but will not allow reporters disguised as relatives of those [words indistinct] the mainland to file reports, Tang said.

Although the negotiators agreed to strengthen exchanges of relic exhibitions, technology, scholarly research and college students, they failed to reach an agreement on cross-strait news exchanges.

ARATS was cautious of the SEF proposal that both Taiwan and mainland news agencies and newspapers set up branches or offices on each other's territory.

After concluding the three-hour morning session, Tang paid a visit to the science-based industrial park Hsinchu, a city [words indistinct] kilometers south of Taipei.

Tang visited the [word indistinct] computer and electronics firms Acer Inc., United Microelectronics, and Microelectronics Technology Inc.

Impressed by Taiwan's outstanding computer achievements, Tang urged the two sides to [words indistinct] of computer and telecommunications technologies.

It is still unclear whether Tang will meet with Chairman Huang Kun-huei of the cabinet-level Mainland Affairs Council (MAC) as Huang insists on meeting Tang in his official capacity.

### Taipei Agrees To Extradite Hijackers

OW0708125794 Tokyo KYODO in English 1243 GMT  
7 Aug 94

[Text] Taipei, Aug. 7 KYODO—Taiwan has agreed to hand over some Chinese hijackers to mainland Chinese authorities as a meeting of senior officials of the two sides' friendship associations ended Sunday [7 August], conference sources said.

The two sides will late Sunday ink an agreement that will oblige Taiwan to extradite to China some Chinese citizens who hijacked commercial airliners and commandeered them to Taiwan, the sources said.

Talks between the two sides were conducted by China's Association for Relations Across the [Taiwan] Straits and Taiwan's Straits Exchange Foundation.

However, release of a joint press statement may be deferred to the early hours of Monday as negotiators from both sides have not reached an agreement due to differences over the wording of the accord, they said.

Last year, there were several hijackings by Chinese citizens wanting to defect to noncommunist countries.

### Results of Talks Detailed

OW0808051694 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT 7  
Aug 94

[From the "Hookup" program]

[Excerpts] After a marathon-type meeting between Chiao Jen-ho [vice chairman and secretary general of the Strait Exchange Foundation—SEF] and Tang Shu-pei [Tang Shubei, executive chairman of the Association for Relations Across the Taiwan Straits—ARATS] yesterday, the two sides have reached a complete common understanding on all differences in the three topics for discussion; namely, the repatriation of plane hijackers, the repatriation of stowaways, and mediation on and the handling of fishing disputes. The two organizations have also stated that arrangements would be made to sign the agreements as quickly as possible. Meanwhile, the two sides will also announce their joint press communique on the Taipei talks today to explain the different major achievements attained during the current Chiao-Tang talks.

In the second round of Chiao-Tang talks in Taipei, with the goodwill [yu hsin] of both the SEF and the ARATS, the ball was kicked into the goal. The talks ended with a breakthrough. The great achievements were attained because during the current talks, the two sides have achieved a common understanding on all three technical

issues; namely, the repatriation of plane hijackers, the repatriation of stowaways, and the mediation on and handling of marine fishing disputes, whereas all those issues ran up on rocks in past negotiations. Therefore, after deciding on certain details of language, draft agreements can be signed after the sixth round of talks on technical matters and then can be signed by the responsible persons of the two organizations. This is the first achievement.

The second achievement is that the SEF and the ARATS yesterday reached an agreement that Chiao Jen-ho and Tang Shu-pei will sign at Chiang Kai-shek airport this morning a joint press communique on talks in Taipei between the SEF and the ARATS to sum up the fifth round of talks in Taipei on technical matters and the second round of Chiao-Tang talks.

If planes can take off this morning from Chiang Kai-shek airport without being affected by Typhoon Doug, Tang Shu-pei and his party will leave the Howard Hotel at 0800 [0000 GMT] and depart Taiwan by plane. Tang Shu-pei and his party will take Cathy Pacific Airlines' scheduled flight 403. However, the departure time of the flight has been delayed until 1100. The ARATS delegation has decided to postpone its departure if the plane cannot take off. [passage omitted]

We will provide our latest update after the signing of the joint press communique at about 1100 by Chiao Jen-ho and Tang Shu-pei. [passage omitted]

#### **Tang Not To Meet Mainland Affairs Official**

*OW0608081994 Taipei CNA in English 0753 GMT 6 Aug 94*

[By Sofia Wu]

[Text] Taipei, Aug. 6 (CNA)—Tang Shubei, standing vice president of Beijing's Association for Relations Across the Taiwan Strait (ARATS), said here Saturday [6 August] he will not meet with Taiwan's top mainland affairs official during his first visit to the island.

Tang, who arrived in Taipei Wednesday for talks on non-political technical issues arising from increasing cross [words indistinct] told the press that he has no plan to visit any government offices during his stay here.

Tang paid a courtesy call to former Premier Sun Yuan-Hsuan Saturday afternoon. Sun is also honorary president of the Straits Exchange Foundation (SEF), a semi-official body founded by Taipei authorities to handle cross-strait affairs in the absence of official contacts with Mainland China.

Tang, the highest-ranking mainland representative to visit Taiwan in more than four decades, already met with SEF President C.F. Ku. Both Sun and Koo are senior advisers to President Li Teng-hui. Except Sun and Ku, Tang said he will not meet with any other senior Taiwan political figures.

Tang said shortly after his arrival that he would be pleased to meet with Huang Kun-hui, chairman of the Mainland Affairs Council (MAC), as a "private friend" outside Huang's office. Huang insisted, however, that he meet with Tang in his official capacity at his MAC office.

Tang then changed his mind and decided not to meet with Huang. Tang served as Beijing's consul general in San Francisco and then at the Taiwan Affairs Office under its State Council before assuming his current ARATS post. He is reluctant to visit Taiwan's government offices because Beijing refuses to recognize Taiwan as an equal political entity, local political observers said. ARATS is also a semi-official body financed by Beijing authorities to act as a "go-between" in cross-strait exchanges. Tang is scheduled to return to Beijing Monday after wrapping up his first trip to Taiwan.

#### **Tang Leaves Taipei 8 Aug**

*OW0808082794 Taipei CNA in English 0745 GMT 8 Aug 94*

[By Sofia Wu]

[Text] Taipei, Aug. 8 (CNA)—Tang Shubei, standing vice president of Mainland China's Association for Relations Across the Taiwan Strait (ARATS), left Taipei for home Monday [8 August] after ending fruitful talks with his Taiwan counterpart.

Prior to his departure, Tang, the highest-level mainland representative to visit Taiwan in more than four decades, signed a joint statement with Chiao Jen-ho, vice chairman of the Taipei-based Straits Exchange Foundation (SEF).

Chiao and Tang said in the statement they have reached consensus on how to promote cooperation between the two intermediary organizations during their Aug. 4-7 talks.

The joint statement said the two sides agree to inform each other of major accidents involving residents from the other side and handling of those accidents.

On the repatriation of hijackers and illegal immigrants and cross-strait fishing disputes, the statement said the two sides have resolved all major differences concerning the three thorny issues and will sign a formal agreement as soon as possible.

The two sides agree to open cross-strait express mail services, expand document verification services to cover taxation and disease diagnosis records and study ways to improve the quality of cross-strait phone services, the statement said.

The two semi-official bodies agree to help private groups or academic institutions organize a seminar on solutions to cross-strait trade disputes and to help promote cross-strait cultural, technological and news exchanges, the statement continued.

The two sides also agree to help each other handle cross-strait property inheritance issues, the statement added.

Chiao said after signing the statement that Tang's Taipei trip has helped create a favorable environment for a second meeting between SEF Chairman C.F. Ku and ARATS President Wang Daohan.

Tang said he hopes the two organizations can hold a sixth-round working-level meeting next month to put final touches on a long-awaited formal agreement on establishing systems for repatriating hijackers and illegal immigrants and settling cross-strait fishing disputes.

SEF and ARATS have held five rounds of working-level meetings on the three technical issues since the first Ku-Wang meeting held in Singapore in April 1993, but

failed to reach a final agreement. During a marathon meeting in Taipei co-chaired by Chiao and Tang on Sunday, the two sides finally mended their differences and reached consensus on all major key points.

A formal agreement on the three issues is expected to be signed by [words indistinct] supervisor. He was also the only Taiwan official to have a face-to-face meeting with Tang during the latter's Taipei trip.

Because of Tang's insistence on avoiding visiting Taiwan's government offices, he failed to meet with MAC [Mainland Affairs Council] Chairman Huang Kun-hui, Taiwan's top mainland affairs official.

SEF and ARATS are established by their respective governments to handle cross-strait exchanges in the absence of official contacts.



## Hong Kong

### Shougang Stock Rises With Deng Zhifang Appointment

HK0608060094 Hong Kong EASTERN EXPRESS in English 6 Aug 94 p 36

[By Wang Xiangwei]

[Text] Local speculative capital continued to push up the stock prices of the Shougang companies yesterday, on press reports related to their forthcoming corporate restructuring, an injection of mainland assets and the appointment of Chinese paramount leader Deng Xiaoping's son, Deng Zhifang, as head of Shougang Concord Grand. Shougang Concord International, which focuses on the steel business, surged 13.4 per cent, or 34c [cents], to \$2.88. This followed a rise of 25c or 10.92 per cent Thursday. A total of 57.54 million shares worth \$89.68m [million] changed hands yesterday. Property firm Shougang Concord Grand rose 56c or 23.53 per cent to close at \$2.94 following a surge of 25c or 11.74 per cent on Thursday. Turnover was 33.82 million shares worth \$89.68m.

Analysts said they expected prices to rise further. One said the two companies were trading at very low multiples based on their 1993 earnings. "Even with the spectacular growth in the past few days, the Friday prices were still far below their year highs, which were \$4.575 for Shougang International and \$4.125 for Shougang Concord Grand," he said.

The huge speculative interest was mainly triggered by a corporate restructuring plan. The foremost part of the plan is that Deng Zhifang has agreed to head Shougang Grand as chief executive. Analysts said Deng, already a director of Shougang Grand, could help the Shougang Group attract foreign investors. Shougang International also reportedly plans to acquire five to six ships from parent Shougang Holdings for about \$2bn [billion] through cash and new share issues.

### Customs To Monitor Trade in Nuclear, Strategic Commodities

HK0808051894 Hong Kong SOUTH CHINA MORNING POST in English 8 Aug 94 p 2

[By Darren Goodsir]

[Text] A special intelligence unit will soon be established to monitor trade in military, nuclear and strategic commodities.

It is understood the Customs and Excise Department will set up the 20-strong team in the next few months.

The role was previously performed by Special Branch, but its recent restructuring has provoked a re-appraisal of intelligence gathering capabilities.

Last week, the South China Morning Post revealed the Russian Mafia had been smuggling materials for nuclear arms using ties with Hong Kong and Macao.

A quantity of red mercury, thought to be a trigger for a nuclear bomb, is believed to have been transferred to a Hong Kong ship in international waters by a former Russian special services operative Igor Deordienko. Classified intelligence reports in Macao name Deordienko and suspected partner Vladimir Rippin as top figures in the Portuguese enclave's prostitution racket.

The new unit will monitor military and nuclear material, chemicals, computers and other items which are not allowed to be shipped through the territory or onto countries not deemed proper recipients. Four Customs officers have just returned from England after receiving training and will set up the team.

Commissioner of Customs and Excise, Don Watson, said the move would enhance the department's new intelligence-driven profile.

"It has been decided that it is wise for Customs to have an intelligence capacity," Mr Watson said. "It is not going to be an intelligence operation in the classic sense.

"It will be more along the lines of a criminal intelligence system. It will mean that, at the moment, where we react to information provided by the Government onto a suspicious licence application, we should be able to take a much more pro-active approach.

"This gives us a little more teeth. But, despite all the speculation that Hong Kong is a vast, thriving arms port, there is no evidence to suggest that.

"Improving intelligence in the department is my No. 1 priority."

It is believed the intelligence group will inherit some sensitive material from the Special Branch. But, it will have to forge its own contacts and modes of operation. In the past, the Security Branch, police and other government agencies gave intelligence to the department.

The 4,000-strong department roughly operates in two sections—half performing control point duties; the other half dedicated to investigations, consumer protection provisions, ensuring compliance with international obligations and administering excise duties.

On Friday, two traders of military equipment were fined a total of \$13,200 [Hong Kong dollars] for importing helmets without a licence.

Last year, Hawker Pacific and Jetpower Industrial pleaded guilty to smuggling strategic components to Iran.

### PRC Proposal Marks Progress in Airport Talks

HK0608061494 Hong Kong EASTERN EXPRESS in English 6 Aug 94 p 2

[By Rain Ren]

[Text] China has proposed a specific clause for the agreement over financing of the new airport which puts a ceiling on borrowing for the project. The proposed wording, which puts a cap on borrowing of \$23bn [billion], marks progress over a long-standing deadlock on the issue.

Whether there should be a ceiling on borrowing has been under discussion between Britain and China for more than a month. A Basic Agreement is being drafted following the last Joint Liaison Group meeting in June. It is believed that the proposed sentence is: "The British Hong Kong Government shall endeavour to ensure that the borrowing will not exceed \$23bn."

China claimed that Britain had in principle accepted the proposed wording but had not yet promised formally to include it in the agreement. "They said they are still considering it," a Chinese official said.

Under the Hong Kong Government's latest airport funding proposal, the Airport Authority will borrow \$11.6bn while the Mass Transit Railway Corporation will borrow \$11.4bn. China has been insisting that the total of \$23bn should be the maximum amount that the two corporations together should borrow while Britain maintains that the figure may change due to interest rate changes.

A Hong Kong Government official said they were trying to find a form of wording which would satisfy the Chinese without actually putting a cap on the borrowing. "We consider it impossible for us to cap the borrowing. The amount of borrowing can be affected by so many unexpected factors of the economy," the official said. "But we want to find a form of wording which can satisfy China's demands that the British government ensures to guarantee the borrowing." The official said China's proposed form of wording was still far from satisfactory and the Government was looking for a better one.

It is believed that Britain is trying to use the issue to bargain for concessions by China on other issues, including which body should be allowed to monitor the cost effectiveness of the project. Another issue is what form of wording should be used to specify in the agreement that the future Special Administrative Region will not be responsible for any project which cannot be finished by June 30, 1997. Chinese officials have been complaining that the talks on the financing of the new airport had been deadlocked by Britain's new demands.

#### Disagreements Over Air Service Agreements

HK0808052194 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Aug 94 p 1

[By Chris Yeung]

[Text] Britain and China are locked in a row over Hong Kong's air service agreements with foreign countries, casting uncertainty over whether there will be enough flights to maintain the new Chek Lap Kok airport.

Negotiations have been dragging on—with one delayed by more than four years—because the flights involved are connected to Taiwan. China, which considers Taiwan as one of its provinces, argues that the Hong Kong Government has no right to come to an agreement with other countries on flights between Hong Kong and Taiwan. This is because, under the present international covenant on aviation, a foreign airline is not allowed to operate between two cities within a country. But at present, flights between the territory and some foreign countries—such as Singapore and Japan—include connecting flights to and from Taiwan.

It is understood the Chinese side asked for details of the Taiwan flights involving seven countries as early as 1990. But the British side refused, arguing that the information contained commercial secrets involving a third country.

China warned that discussions on the agreements would be held up unless they were given the information. The countries involved are Germany, Italy, Burma, Indonesia, South Korea, Singapore and Thailand.

Chinese negotiators have insisted their request is "reasonable and have taken into account the historical reality" of the territory. "The ball is in the British court," a source said.

Under the Sino-British Joint Declaration and the Basic Law, any agreement between Hong Kong and foreign countries that involved flights or stopovers in other parts of the mainland has to be signed by the central Government. A source said the Chinese side was ready to maintain the present arrangements given the special circumstances of the territory. But it is understood that China wants to reserve the right to re-negotiate with countries which enjoy the right of transit flights to and from Taiwan.

Another source claimed that the intention of the state-owned Civil Aviation Administration of China to fight for a bigger slice of the lucrative aviation business was the reason for the snag in negotiations. The source said the matter might also have been complicated by the dispute between China and Taiwan over the reunification issue.

A British source warned that Hong Kong would suffer if the dispute dragged on. There would not be enough flights coming in and out of the new airport if the problem remained unresolved, he said.

The British side has proposed that a meeting between experts be held on the agreements issue before the full Joint Liaison Group (JLG) session scheduled for the end of next month.

At present, Hong Kong's agreements with foreign countries formed part of the relevant accords between Britain and those countries. Separate agreements will have to be made between the territory and other countries in the face of the sovereignty changeover.

Eleven agreements have been approved by the JLG. They are the Netherlands, Switzerland, Canada, Brunei, France, New Zealand, Malaysia, Brazil, Sri Lanka, Australia and India.

### **Pro-China Party Plans To Outspend Election Rivals**

*HK0808055894 Hong Kong EASTERN EXPRESS in English 8 Aug 94 p 1*

[By Shiny Li]

[Text] The pro-China Democratic Alliance for the Betterment of Hong Kong (DAB) is planning to outspend its rivals in the September district board elections with a campaign chest containing \$2.5m [million] [Hong Kong dollars], considerably more than the other leading parties.

The budgets of the other main local parties range from \$500,000 to \$1.5m for the Liberal Party. The United Democrats and Meeting Point have managed to accumulate about \$1m for their 130 candidates.

The strong financial support given by the DAB to its candidates indicates its determination to achieve electoral success. This is despite repeated Chinese threats to dismantle all three tiers of government immediately after the 1997 handover. Nevertheless, Chinese officials have encouraged "patriotic people" to take part in elections before 1997.

Most DAB members do not come from the business sector, but the party's vice chairman, Ching Kai-nan, said it now had sufficient funding for its candidates. The DAB is not disclosing the source of its funds but it is believed that mainland companies in Hong Kong have been generous with donations.

The Liberal Party said it was having "difficulty" raising election funds for its members.

The maximum campaign spending allowed for each candidate for district board elections is \$45,000 this year.

The Liberal Party and the DAB will run training courses for their members, warning them against overspending.

Two district board candidates were found guilty of exceeding their campaign spending limit in the district board elections in 1991.

Leung Kam-chung, the brother of the jailed former legislator Gilbert Leung, was also accused of spending more than his allowable campaigning budget of \$200,000 for the 1991 Legislative Council elections.

All 82 DAB candidates have been asked to sign a commitment letter after they receive a standard \$15,000 basic campaign grant from the party.

They can also ask for a \$15,000 interest-free loan from the party, with the candidate responsible for the remaining \$15,000.

DAB district board candidates have to pledge that, if elected, they will pay 5 percent of their monthly allowance to the party.

Candidates for the Liberal Party have each received a grant of \$10,000 and can apply for a further interest-free loan of \$20,000 to be repaid within a year.

All candidates sponsored by the Liberal Party have to undertake not to withdraw from the party within the first six months of their terms of office and to pay a yet-to-be-decided proportion of their allowances to the party.

The United Democrats and Meeting Point, due to amalgamate to form the Democratic Party in October, are working hand-in-hand in preparing for the election budget. The two democratic parties have set up a \$1m pool to provide loans to the 130 candidates. Each candidate can borrow up to \$15,000, but it has been assumed not all candidates will need to. The two parties have so far received 30 applications for loans. Those who stand for the first time but lose will not have to repay the loan.

The other democratic party, the Association For Democracy and People's Livelihood (ADPL), had planned to raise \$400,000 to sponsor its 18 candidates, but so far has gathered just \$300,000.

### **Editorial Urges U.S. Action on Human Rights 'Test Case'**

*HK0808061294 Hong Kong EASTERN EXPRESS in English 8 Aug 94 p 18*

[Editorial: "A Test Case That Can't be Ducked"]

[Text] Could President Bill Clinton possibly have had Gao Feng in mind when he announced that the United States was ending the policy of linking renewal of Most Favoured Nation [MFN] trading status with China to human rights consideration?

The question is purely rhetorical. We are confident that Clinton has never heard of Gao, a name known, if at all, to perhaps a couple of junior officers in the State Department.

Yet Gao Feng is something of a model test case for the President's policy of pursuing the campaign for human rights without the threat of trade sanctions.

Gao was detained in May after planning to pray in public for those killed in Tiananmen Square five years earlier.

At the time he was working for the Beijing Jeep joint venture company, which has the United States owned Chrysler Corporation as its American partner.



He has been released from jail but has not been allowed to return to work on the typically spurious grounds that he failed to apply for leave during his time in detention.

This rather sick joke prevents Gao, a devout Christian, from earning a living. Worse, it appears that he has been detained again for reasons not made public.

The New York-based Human Rights Watch at first tried more discreet means to get the American auto company to act on Gao's behalf but they received no response.

They have now gone public by informing EASTERN EXPRESS of the situation.

In an initially private letter to Chrysler, the group expressed fears that the company was "effectively functioning as a partner in the Beijing Public Security Bureau's persecution of its employee based on his religious beliefs".

Given the secrecy and confusion surrounding the status of dissidents in China, it is possible that there has been some gross misunderstanding in this matter. However it could be cleared up by Chrysler if the company were determined to pursue the matter.

The Americans might, however take the view that they are in China to do business, not to worry about human rights.

The problem with this point of view is that it directly contradicts what American businessmen were saying before the MFN decision was taken and it undercuts the pledges made by Clinton when he announced the new policy.

Lobbying Congress and the President, businesses with China interests argued that they could do far more to promote human rights by working inside China, rather than isolating the world's largest state.

They gave solemn assurances about their concern for human rights and said that moneymaking was not their sole objective in China.

Partly in response to this lobbying and in the belief that the assurances were genuine, the President stated that companies with Chinese links should develop a voluntary set of principles designed to advance human rights in China.

This code of practice has yet to emerge from the ether but Human Rights Watch has produced a working paper containing suggestions.

Part of this document suggests the following method of preventing discrimination on the basis of political belief: "This," says the human rights group, "is part of a broader prohibition of discrimination on the basis of gender, religion, ethnic or national background and nonviolent political activity".

The paper points out that China's legal system recognises equality before the law and suggests that U.S. companies would therefore be acting in accordance with China's own law and policies.

Gao Feng's case is rather closer to home than suggested by a broad set of principles.

It involves a direct employee of an American company and a direct attack on an individual for pursuing his beliefs.

If the rhetoric of the United States government, and that of American businessmen is to be anything more than an empty shell, swift action should be taken to discover what has happened to Gao and every effort should be made to ensure that he is not deprived of work.

Like many, we were uncomfortable with the annual charade of trading MFN renewal for a few token human rights gestures.

We applaud the United States government in taking a more realistic stance on this matter.

However, taking the heat off MFN renewal should not mean withdrawal from the human rights arena.

Meaningful steps must clearly take account of the activities of United States joint venture companies in China. This is a minimal requirement.

China wants to be part of the world trading community. She earnestly wishes to resume her rightful place in the General Agreement on Tariffs and Trade (GATT), the world trade body.

The price of this international participation is clear. Certain minimal standards of human rights conduct are expected.

The United States Secretary of Commerce, Ronald Brown, will be in China later this month.

He might like to take the opportunity to indicate the kind of price tag which comes with participation of this kind.

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